ORDINARY MEETING

OF

WELLINGTON CITY COUNCIL

MINUTE ITEM ATTACHMENTS

Time: **9.15am**
Date: **Wednesday, 17 August 2016**
Venue: **Committee Room 1**
Ground Floor, Council Offices
101 Wakefield Street
Wellington

Business **Page No.**

4.1 Wellington Convention Centre and Movie Museum

1. Redacted | Wellington Convention Centre and Movie Museum 2

ORDINARY COUNCIL MEETING
17 AUGUST 2016

Absolutely Positively
Wellington City Council
Me Heke Ki Pōneke

WELLINGTON CONVENTION CENTRE AND MOVIE MUSEUM

PUBLIC EXCLUDED

Grounds: Section s48(1)(a) - That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7.

Reasons: Section 7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.

Section 7(2)(c)(i) - The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied.

Purpose

1. The purpose of this report is to obtain from Council a decision on the Convention Centre and Movie Museum proposal as outlined in this report and the attached Final Business Case.

Summary

2. On 8 December 2015 Council agreed in principle to support the development of a new Convention Centre and Movie Museum for Wellington and agreed to purchase the site on Cable and Wakefield Streets opposite Te Papa for $21.5 million. This in principle agreement to support the development was subject to community consultation, the unconditional commitment from The Movie Museum Ltd (TMML) and the final business case.
3. The land purchase was finalised and settlement occurred in the 2015/16 financial year as per the approval. The land is now owned by Council and secured for this project to be successfully delivered.
4. The consultation process was conducted and included an LTP Amendment consultation due to the increase in the capital expenditure and borrowings proposed to complete the project. It ran from 15 February to 15 March 2016 involving engagement with key stakeholders and the wider community. Both written and oral submissions were received. In total 108 submissions were received – 40% from organisations and 60% from individuals.
5. There was a high level of support for the proposal overall – 84% (91 of 108) of submitters supported the proposal.
6. The level of support from the commercial sector was particularly strong with 100% of commercial submitters supporting this proposal. Much of this support

came from 'umbrella' type associations representing hundreds – and sometimes thousands of individual members eg. The Chamber of Commerce, Tourism Industry Association NZ, the NZ Retailers Association etc.

7. The Final Business Case (FBC) has been completed and is Attachment 2 to this report. It differs from the December 2015 Indicative Business Case (Dec-15 IBC) in that it incorporates detail around the delivery aspects of the project and the more advanced design stage of the project.

8. As presented in the Councillor workshop of 30 May 2016 the exterior design work has been significantly advanced and the opportunity to deliver a façade design which is aspirational has now been assessed including the additional cost. This forms the basis for the FBC and this final proposal.

9. The assessed capital cost of the final proposal has increased from $134.4m in the Dec-15 IBC to $150.0m. The key reason being the additional cost to deliver the aspirational façade design providing the architectural quality this project deserves and make it recognisable worldwide.

10. The additional capital cost of the project, together with some project timing changes, have increased the 25 year average cost per annum of the project from $2.3m in the Dec-15 IBC to $2.9m in this final proposal. Over the first 10 years of operation when convention centre revenues are lower the average annual cost of the final proposal is $4.0m which compares to $4.1m in the Dec-15 IBC. This is discussed further in the final business case in Attachment 2, and the financial section of this report.

11. TMML has progressed their fitout and exhibition designs but are not in a position to unconditionally commit to the Agreement to Lease until they have confirmed [redacted].

12. All other matters have been confirmed and an Agreement to Proceed has been prepared and signed by TMML re-confirming all the key terms of the Agreement to Lease, conditional upon TMML confirming [redacted].

13. The key commercial terms for the proposed Development Management Agreement and Agreement to Lease remain as presented on 8 December 2015 to Council and as outlined in this report and Appendix G of Attachment 2.

14. The operating projections of the Convention Centre which are based on Hotel Tourism and Leisure consultants Horwath HTL's operating projections are unchanged. Horwath have reviewed the latest designs and layout of the proposed convention centre and have confirmed that no changes are necessary to the initial projections as set out in the Dec-15 IBC as a result of the design changes since that time.

15. TMML have also confirmed [redacted] resulting from design developments since the Dec-15 IBC.

16. There is a strong strategic case that sits behind this proposal for both the Convention Centre and Movie Museum. These projects are important components to our economic growth agenda as set out in the 2015-25 Long

Term Plan, will increase visitor numbers to our city, create jobs and deliver significant economic benefits.

17. It is also anticipated this project will drive considerable secondary investment in the city, particularly the regeneration of the surrounding Courtenay precinct, further increasing our rating base.

18. In combining these projects, Wellington will be able to provide a film based visitor experience unrivalled anywhere else in the southern hemisphere, and possibly the world. We will not only have a high quality amenity and service to offer conference organisers, but we will be able to offer a unique visitor experience for the delegates that will provide a competitive advantage for Wellington.

19. The final financial outcomes of the proposal are consistent with those in the business case approved in principle in Dec 2015, and consulted with the public and are discussed in the financial section of this paper. The main differences are the initial capital cost increase from $134.4m to $150.0m and timing of delivery.

20. The final economic outcomes of the proposal are consistent with those in the business case approved in principle in Dec 2015, and consulted with the public and are discussed in the economic benefits section of this paper. The main difference results from the capital cost which has increased the initial construction GDP benefit to Wellington from $35.7m to $43.6m resulting in a final Benefit Cost Ratio (BCR) of 4.8 : 1.

21. Officers conclude that the commercial terms agreed are consistent with the business case presented in December 2015 and consulted on with the community and provide the best value option to deliver this significant economic development project for the city.

22. If approved and subject to TMML meeting their final outstanding condition [redacted], the 2015-25 Long Term Plan will be amended to reflect the changed budget requirements of the proposal. The changes to the 2015-25 Long Term Plan have been reviewed by Audit NZ and are reflected in Attachment 3.

23. Officers recommend that Council support the proposal under the final commercial terms and the financial cost outlined in this report and the final business case in Attachment 2, subject to TMML confirming [redacted].

24. Following this approval, the Agreement to Proceed will be signed with TMML and the Development Management Agreement will be signed with Willis Bond.

Recommendation/s

That the Council:

1. Receive the information.

2. Note that on 8 December 2015 the Council agreed in principle to support a new purpose built Convention Centre and Movie Museum subject to community consultation, the unconditional commitment from The Movie Museum Ltd **(TMML)** and

the final business case **(the Proposal)**.

3. Note the community consultation undertaken by way of a proposed amendment to the 2015–25 Long Term Plan (**Consultation Document**), as outlined in **Attachment 1** — with 84% of submitters supporting the Proposal.
4. Note the final business case in **Attachment 2** — including the Proposal's total budgeted capital cost of $150 million and the net cost to ratepayers (being revised from the net cost to ratepayers set out in the Consultation Document).
5. Note that the Proposal (as outlined in this report) can be delivered within the Council's Financial Strategy as set out in the 2015–25 Long Term Plan, and as included in the Council's 2016/17 Annual Plan.
6. Note the key commercial terms for the Proposal as outlined in Appendix G of Attachment 2 to this report which are unchanged from those presented to the Council on 8th December 2015.
7. Agree that:
   a. Notwithstanding differences between the Consultation Document and the final form of the Proposal, the Council has sufficient knowledge from its community consultation of the views and preferences of persons likely to be affected by, or have an interest in, the matters for decision; and
   b. Appropriate consideration has been given to the views and preferences of persons likely to be affected by, or have an interest in, the matters for decision in this report.
8. Note that under an Agreement to Proceed between the Council and TMML, one condition for the benefit of TMML (as outlined in paragraph 44(g) of this report) remains to be satisfied (**Condition**).
9. Delegate authority to the Mayor and Chief Executive to determine when the Condition has been satisfied, as evidenced by formal confirmation in writing from TMML.
10. Agree, subject to the Mayor and Chief Executive determining that the Condition has been satisfied, to proceed with the Proposal — including to construct a new purpose-built Convention Centre and Movie Museum; to fit-out the Convention Centre; to operate the Convention Centre; and to lease the Movie Museum to TMML for an initial term of 25 years.
11. Note the proposed amendments to the 2015–25 Long Term Plan set out in **Attachment 3** and that, following the completion of the preparatory work required to issue an audit report under section 94 of the Local Government Act 2002, Audit New Zealand has raised no concerns with how these amendments have been reflected in the attached documents.
12. Agree, subject to the Mayor and Chief Executive determining that the Condition has been satisfied, to amend the 2015–25 Long Term Plan to reflect the Proposal, including without limitation:
    a. All financial statements and components of the Long Term Plan document as outlined in **Attachment 3**;
    b. The amendment to the Council's Revenue and Financing Policy to enable the Movie Museum be funded in Activity 4.1.1 City Galleries and Museums as consulted in **Attachment 4**;
    c. The Convention Centre and Movie Museum 10-year opex project budgets as outlined in the following table;

OPEX $ million	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	LTP TOTAL
Remove Film Museum – C707	-	-	-	-	-	-0.1	-0.8	-2.0	-2.3	-2.3	**-7.6**
Remove Convention Centre – C703	-	-	-2.0	-4.2	-4.4	-3.8	-2.6	-2.7	-2.9	-3.0	**-25.7**
Total Removed Project Opex Budgets	**-**	**-**	**-2.0**	**-4.2**	**-4.4**	**-3.9**	**-3.4**	**-4.7**	**-5.2**	**-5.3**	**-33.2**
Add Final Proposal CC – C703	-	0.4	0.8	1.7	2.9	3.70	2.92	2.06	1.38	0.79	**16.6**
Add Final Proposal TMM – C707	-	0.6	1.2	2.6	3.4	3.17	3.12	3.06	3.09	2.89	**23.1**
Add City Growth Fund Offset CC – C703	-	-0.4	-	-	-	-	-	-	-	-	**-0.4**
Add City Growth Fund Offset TMM – C707	-	-0.6	-	-	-	-	-	-	-	-	**-0.6**
Total & Net New Project Opex Budgets	**-**	**-**	**2.0**	**4.3**	**6.3**	**6.9**	**6.0**	**5.1**	**4.5**	**3.7**	**38.8**

d. The Convention Centre and Movie Museum 10-year capex project budgets as outlined in the following table; and

CAPEX $ million	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	LTP TOTAL
Remove LTP Capex (TMM) CX131	-	-	-	-	-	-4.3	-17.5	-7.8	-	-	**-29.6**
Add Final Proposal Capex (CC & TMM) CX535	**21.5**	**14.5**	**29.0**	**63.9**	**21.1**	**-**	**-**	**-**	**-**	**-**	**150.0**

e. The final audit report received by the Council in accordance with section 94 of the Local Government Act 2002.

13. Agree, subject to the Mayor and Chief Executive determining that the Condition has been satisfied; the receipt of a final audit report as provided by recommendation 12e; and adherence to the key commercial terms for the Proposal in accordance with this Report, to delegate authority to the Chief Executive to execute all documents necessary to implement the Proposal without further decision(s) by the Council.

14. Note, upon Mayor and Chief Executive determining that the Condition has been satisfied, the Chief Executive will execute the Development Management Agreement with Willis Bond and Company Ltd.

Background

25. Council considered the indicative business case for the proposal for the Wellington Convention Centre and Movie Museum on 8th December 2015 and agreed to support in principle the proposal subject to community consultation, the unconditional commitment from TMML and the final business case.

26. Council at that meeting agreed to purchase two adjacent parcels of land on Cable and Wakefield Street at a cost of $21.5 million. This land purchase has been actioned and Council now owns the sites for this proposed development.

27. Since that meeting, considerable progress has been made in progressing the design of the building to meet the tenants requirements (TMML's for the Movie Museum and WREDA for the Convention Centre), the regulatory requirements for fire, building code and other building servicing requirements, and the urban design and connectivity considerations.

28. In addition external façade design options have been developed and considered with two options presented in the attached final business case. These were introduced to Councillors at the workshop of 30 May 2016 and the clear view was that we do not want to miss the opportunity to achieve an architectural statement for this building, on this prominent site in the heart of our entertainment precinct.

29. It is these advanced designs that form the basis of updated proposal included in the final business case in Attachment 2, which remains a strong proposal for Wellington.

Discussion

Community Consultation

30. Council has consulted separately on a convention centre proposal (under a different ownership structure) and both the Movie Museum and Convention Centre proposals were included in the 2015-25 Long Term Plan for consultation with the wider community.

31. Due to the change in combining these proposals and the new ownership structure for the convention centre a separate consultation process was conducted which incorporated a proposed amendment to the 2015-25 Long Term Plan.

32. The new consultation process was carried out in accordance with the process of the Special Consultative Procedure (LGA, s83). This included a written statement of proposal, a consultation period of a month and the opportunity to submit in written and/or orally.

33. The consulation period ran from from 15 February to 15 March 2016 and 108 submissions were received, with around a third from commercial entities. Overall, submissions were very positive with around 84% support. This result has likely underestimated the true level of community support due to several supportive submissions received from organisations representing numerous members.

34. The commercial sector was the most positive with all submissions supporting the proposal. This group's support is important due to the majority of ratepayer funding of the project falls on them. Three quarters of individuals submitters were supportive and 71% of community and not-for-profit groups.

35. The most prevalent themes centred around the project being and attractor for tourism, a catalyst for economic growth and jobs, and a way of protecting and enhancing our conference market share and reputation.

36. Opposing views centred around the ratepayer burden and if it is Council's role to invest in such facilities.

37. The full consultation report is included in Attachment 1 to this report.

38. Since the consultation further work has been completed on the façade design exploring options that provide an architechual statement rather than the functional façade envisaged in the indicative business case. In addition improved connectivity between Wakefield and Cable Street has been allowed

for through the ground level of the development. The final business case recommends a higher cost project that allows for these changes and a façade architectual statement to be made through this development.

39. Despite the changes to the final proposal, the main components are within reasonable materiality limits to that included in the consultation document and together with the significant support. Councillors have sufficient knowledge from the consultation process of the views and preferences of its communities and can proceed with confidence to approve this final proposal.

The Final Business Case and Comparison to the Dec-15 IBC

40. The final business case (FBC) is included in Attachment 2 to this Report. The key changes to the Dec-15 IBC in this FBC are outlined in the following table:

Key area	Dec-15 IBC	Aug-16 FBC	Comment
Project timing: Construction Phase	Jun-16 to Jun-18	Jan-17 to Dec-19	Construction timing will depend on the timing of TMML meeting the outstanding Condition and executing the Agreement to Lease.
Project timing: Opening Date	Early 2019	February 2020	Opening date is dependent on the construction start date, and is expected to be 3 years following its commencement.
Design Stage	Concept	First Stage: Detailed Design	The building design has significantly progressed since Dec-15 including ground floor layouts, linkages with Wakefield Street, public spaces and options for façade designs. The latest designs form the basis for the revised project capital costs.
Façade	Baseline 'façade option A'	Aspirational 'façade option B'	This is a key enhancement to final proposal and forms the basis for many other changes to the Dec-15 IBC.
Project Cost	$134.5 million	$150.0 million	Increase primarily due to recommended façade option B. Note that 'façade option A' will now cost $140m.
Operational Cost: Pre-opening phase (total cost)	$5.4m	$7.3m	The increase in pre-opening cost is due to the interest impacts of the higher construction cost and later construction start meaning the holding costs of the land are higher.
City Growth Fund offset	$3.9m	$1.0m	The project's new timing now aligns more closely to the current LTP budgets in the first

Key area	Dec-15 IBC	Aug-16 FBC	Comment
			three years reducing the need to offset pre-opening costs in the City Growth Fund, thereby restoring capacity in the Fund.
Operational Cost: First 10 years: (average p.a. cost)	$4.1m	$4.0m	The costs over the first ten years are slightly less due to the lower interest rates offsetting the impact of the higher construction cost.
Operational Cost: Full 25 years: (average p.a. cost)	$2.3m	$2.9m	The costs over the full 25 year TMML lease period are higher than the IBC mainly due to the additional costs added around façade maintenance and delayed opening of the facilities.
Benefit Cost Ratio	5.8:1	4.8:1	Reduction due to project cost increases and delayed opening date meaning the economic benefits fall later than planned.
Increase in rates requirement over LTP period	$11.4m	$6.6m	The project timing is more closely aligned to the current LTP reducing the cost variance over that timeframe.
Financial Strategy Requirements	All met	All met	All requirements of the financial strategy as set out in the Long Term Plan have been met for both the IBC and FBC.

41. This final proposal incorporates the inclusion of an aspirational façade design "B" as outlined in Attachment 2. This remains the key change to the proposal since the Dec-15 IBC together with some advanced design and project timing changes.

42. The financial section below outlines in more detail the impact of these project changes on the 2015-25 LTP and comparison to the Dec-15 IBC.

Key Commercial Terms

43. The following is a summary of the key commercial terms for the whole proposal:

    a) Council will lead the development of the site and construct the building to house the convention centre and the movie museum at a cost of $150 million (including already purchased land and convention centre fitout).

    b) Council will enter into an Agreement to Proceed with TMML which confirms both party's commitment to the development and the Agreement to Lease under the commercial terms already agreed, subject to confirmation of [redacted].

c) Council will enter into a Development Management Agreement with Willis Bond to project manage the development to the specifications, timeframes and costs outlined in that agreement.

d) Council will take on all construction risk for this development (however by having Willis Bond as development manager we believe the construction risks will be expertly managed).

e) Once TMML have confirmed [redacted], Council will enter into an unconditional Agreement to Lease with TMML to operate the Movie Museum for a period of 25 years.

f) TMML will take on all operating risk of the Movie Museum [redacted]

g) WREDA will operate the convention centre on behalf of Council which will take on all operating risks and rewards - all operating surpluses/(deficits) flowing to/(funded from) Council.

h) Council will fund the fitout of the Convention Centre estimated to be $5 million.

Agreement to Proceed with TMML

44. The Agreement to Proceed has been drafted to confirm both WCC and TMML's commitment to the development and the Agreement to Lease with the condition that TMML need to confirm [redacted]. The key terms of this agreement are outlined in the following table:

Key Term	Details
a) Parties to the Agreement	TMML & WCC
b) Status of the Agreement	The parties have entered into this agreement to: • re-confirm their mutual commitment to proceed with the Development; • formalise their agreement to proceeding with the Concept Design; • agree on timing parameters for the next stages of the Development; • note that WCC has fulfilled its conditions of the Terms Sheet with regard to the purchase of the site; • note that WCC will seek the approvals necessary to satisfy its remaining conditions of the Terms Sheet at the Council Meeting of 17 August 2016; • note the Material Matters that need to be addressed prior to the final execution of the Agreement to Lease; • amend the Terms Sheet to reflect the proposed timing of the Development.

Key Term	Details
c) Relationship with the Terms Sheet	The Terms Sheet continues in full force. The Agreement to Proceed is supplemental to the Terms Sheet, and reinforces the commitments already made by both parties.
d) Reconfirmation of Commitment to the Development	The parties reconfirm their commitment to the development and TMML confirm [redacted]
e) Concept Design	Confirmation that the preferred external façade design is the aspirational design forming the basis of this final business case.
f) Timing	To finalise the Material Matter referred to below, by no later than 30 November 2016.
g) Material Matters (the Condition)	In addition to completing the documentation referred to in the Terms Sheet, TMML remains to confirm [redacted] to fulfil their conditions of the Terms Sheet.

Development Management Agreement with Willis Bond

45. The key commercial terms of the Development Management Agreement (DMA) with Willis Bond are outlined in the following table and detailed further in Appendix G to the Final Business case in Attachment 2; these are unchanged from the Dec-15 IBC:

Key Term	Details
a) Parties	WCC and Willis Bond
b) Commencement Date	Upon signing following Council approval of the proposal.
c) Development Management Fee	[redacted]
d) Performance Fee	[redacted]
e) Proposed Development	Combined film museum and convention centre
f) Precedent Conditions	The agreement is conditional on WCC confirming that it intends to proceed. LT McGuinness Ltd to be the lead construction contractor subject to WCC confirming it is receiving vfm comparable with that achievable under a contested process. WCC will approve the construction contract if it is on terms and rates generally in accordance with the then prevailing industry standards for projects of this size and complexity, undertaken on arms length terms.
g) Willis Bond Services	Full development management services

46. The commercial terms detailed above have been negotiated in good faith and at arms-length between the parties. WCC has taken commercial and contractual advice from Bell Gully throughout the negotiation process.

Agreement to Lease with TMML

47. The key commercial terms of the Agreement to Lease with TMML are outlined in the following table and detailed further in Appendix G to the Final Business Case in Attachment 2, these are unchanged from the Dec-15 IBC and the signed Term Sheet between WCC and TMML:

Key Term	Details
a) Parties	WCC and TMML
b) Movie Museum Size	10,000 sqm
c) Lease Term	25 years
d) Rent	[redacted]
e) Rent Adjustment	[redacted]
f) Rent Commencement Date	the earlier of: a) The date 6 months after the date on which TMML was granted full access to the Museum premises for fit out; or b) The date on which TMML's fit out is certified as complete
g) Building ownership costs	Rates, insurance, building renewals and other property costs paid by WCC
h) Museum Operational Loss Risk	With TMML

48. The commercial terms detailed above have been negotiated in good faith and at arms-length between the parties. WCC has taken commercial and contractual advice from Bell Gully throughout the negotiation process.

Economic Benefit Implications

49. The economic benefit implications of the final proposal are detailed in the Final Business Case in Attachment 2.

50. They remain unchanged from the Dec-15 IBC except for an increased economic benefit from construction which is now $43.6m GDP compared to $35.7m GDP in the Dec-15 IBC. This arises from the increased cost of the project and related flow on benefits to the economy as outlined in the following table:

Construction Benefits	Final Proposal	Dec-15 IBC	Change
Expenditure	**$134.0m**	**$109.5m**	**$24.5m**
GDP	**$43.6m**	**$35.7m**	**$7.9m**
FTEs	**540**	**444**	**96**

51. The final economic benefits for the propsoal are otherwise consistent and as outlined in the following table:

	Construction phase (one-off)	Ongoing operations		Total operations (per annum)	Market protection (8% loss protected)	Total benefit to the city (per annum)
	Combined	*Convention Centre*	*Film Museum*	*Combined*	*Convention Centre*	*Combined*
Expenditure	**$134.0m**	$31.9m	$28.2m	**$60.1m**	$12.3m	**$72.4m**
GDP	**$43.6m**	$16.7m	$14.4m	**$31.1m**	$6.4m	**$37.5m**
FTEs	**540**	225	258	**483**	85	**568**

Financial Implications

52. The financial implications of the final proposal including all the commercial terms, operating projections and rates assumptions modelled over the 25 year term of the lease are detailed in the Final Business Case in Attachment 2.

53. In addition to the high level differences outlined in paragraph 40 some more detailed changes have been made to the financial assumptions in the Final Business Case (FBC) since the Dec-15 IBC:

- An additional cost of $100,000 per annum (inflation adjusted) has been added to cover additional costs of maintenance and cleaning of the recommended façade design.
- Rates expenses and benefits have been updated to reflect the 2016/17 rate strike.
- Insurance costs have been increased in line with the capital cost increase.
- Because of the later opening date, operating Year 1 (2019/20) now includes only 5 months of operations rather than a full 12 months due to the opening date being assumed at February 2020. To avoid confusion around time periods when compared with the Dec-15 IBC, an additional seven month 'year 26' has not been added to the FBC model.

54. A summary of the project capital cost changes are outlined below:

$ million	Aug-2016 FBC			Dec-2015 IBC			Change
Land Cost			**21.5**			**21.5**	**-**
Construction Costs							
Construction Costing		96.6			79.1		17.5
Construction Contingency	12%	12.7		20%	15.8		-3.1
Professional fees		14.2			13.0		1.2
Total Construction Cost			**123.5**			**107.9**	**15.6**
Total project development cost			**145.0**			**129.4**	**15.6**
Convention Centre fit-out			5.0			5.0	-
Total Project Cost to WCC			**150.0**			**134.4**	**15.6**

55. The main changes as design has advanced is the additional cost of the aspirational façade which has now been incorporated into the construction cost and contingency levels. The impact of this to the project is $10 million. The remaining $5.6m relates to other design led changes over the last six months.

56. The opex impact of the changes noted above can be summarised in the following table over the first 10 and 25 years of operations:

$ million	10 year operating average			25 year operating average		
	Dec-15 IBC	Aug-16 FBC	*Change*	Dec-15 IBC	Aug-16 FBC	*Change*
Interest & Depreciation	8.9	8.0	*0.9*	8.1	8.0	*0.1*
Opex Costs (Rates & Insurance)	1.1	1.1	-	1.3	1.3	-
Total Building Ownership Costs	**10.0**	**9.1**	***0.9***	**9.3**	**9.4**	***0.1***
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net Rates Requirement	**4.9**	**4.6**	***0.3***	**3.2**	**3.6**	***-0.4***
Compared to the LTP Avg Net Rates Requirement[2]	*4.4*	*4.4*	-	*5.9*	*5.9*	-
Incremental Rates Income	0.8	0.5	*-0.3*	0.9	0.7	*-0.2*
Net Financial Cost to City	**4.1**	**4.0**	***0.1***	**2.3**	**2.9**	***-0.6***
Secondary capital investment required to offset net financial cost to the city	410	401	9	229	295	*-66*

[2] *Based on the first 10 and 25 years of operations of the convention centre to be comparable. Note the 25 year LTP averages are based on extrapolation of the Long-Term Plan.*

57. The key changes to the opex costs relate to the reduced interest rates secured over a longer period (15 years) than in the Dec-15 IBC due to the funding and hedging programme that will be entered into for this project. This means that whilst the capital costs have increased, the funding costs of that additional borrowing have in total reduced over the first 10 years of operation.

58. Rates and insurance costs have been updated but not materially changed, and the convention centre operating surplus averages have reduced due to the additional façade maintenance costs included as noted above and first year of operations now only including 5 months rather than 12 which has delayed the build up to full operations when compared to the Dec-15 IBC. TMML average rental income has also reduced due the 5 months included in year 1 [redacted] rather than the full 12 month rental [redacted] included from year 1 in the Dec-15 IBC.

59. A annualised summary of the project opex costs in the final business case are outlined below:

OPEX	Construction/Pre-opening Phase			Operating Phase										
($m) – inflated	Yr-2 2016/17	Yr-1 2017/18	Yr0 2018/19	Yr 1 2019/20	Yr 2 2020/21	Yr 3 2021/22	Yr 4 2022/23	Yr 5 2023/24	Yr 6 2024/25	Yr 7 2025/26	Yr 8 2026/27	Yr 9 2027/28	Yr 10 2028/29	Avg Yr1-10	Avg Yr 1-25
Interest and Depn	1.0	1.7	3.6	6.4	8.5	8.4	8.3	8.3	8.2	8.1	8.0	8.0	7.8	8.0	8.0
Rates & Insurance	-0.0	0.2	0.3	0.8	1.0	1.0	1.0	1.1	1.1	1.2	1.2	1.2	1.3	1.1	1.3
Total Building Costs	**1.0**	**1.9**	**4.0**	**7.2**	**9.5**	**9.4**	**9.3**	**9.4**	**9.3**	**9.3**	**9.2**	**9.2**	**9.1**	**9.1**	**9.4**
[redacted]															
[redacted]															
Net cost to be funded	**1.0**	**2.0**	**4.3**	**6.3**	**6.9**	**6.0**	**5.1**	**4.5**	**3.7**	**3.5**	**3.3**	**3.2**	**3.0**	**4.6**	**3.6**
New Rates Income	-	-0.1	0.0	0.4	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.5	0.7
Net financial cost to city	**1.0**	**2.1**	**4.2**	**5.9**	**6.4**	**5.5**	**4.6**	**3.9**	**3.1**	**2.9**	**2.7**	**2.6**	**2.4**	**4.0**	**2.9**

60. This annualised summary shows how the costs of the project change in the early years before stablising when operations are planned to stablise from 2024/25.

Return on Investment

61. The amended costs and economic benefits included in the final business case has resulted in an amended benefit cost ratio of 4.8 : 1 compared to 5.8 : 1 in the Dec-15 IBC as outlined in the following table:

Benefit Cost Ratio	Aug-16 FBC	Dec-15 IBC	*Change*
Costs:	**$m**	**$m**	***$m***
NPV of 25 year cost to city	87.5	76.3	*11.2*
Economic Benefits (incl construction phase):	**GDP $m**	**GDP $m**	***GDP $m***
Wellington operational GDP value add (per annum)	37.5	37.5	-
Wellington construction GDP value add (one-off)	43.6	35.7	*7.9*
NPV of 25 year GDP value add	422.0	441.5	*19.5*
Investment Returns:	**Ratio:1**	**Ratio:1**	***Ratio:1***
Wellington benefit to cost ratio	4.8	5.8	*1*

62. The reduced BCR is a result of the increased investment and the reduced time value of the benefits which are restated back to present value as part of this calculation. Despite the economic benefits seemingly increasing, the delayed commencement date and the 5 month first year of operations has delayed the commencement of the economic benefits, and their build up to full capacity and utilisation meaning a reduction when present valued.

63. A BCR of 4.8:1 is still very positive for this project and does not reflect a significant reduction in the benefits the community will receive.

Financial Strategy & Use of the City Growth Fund

64. As in the Dec-15 IBC the intention is to use the City Growth Fund to manage any adverse impacts to ratepayers of this proposal compared to the 2015-25 Long Term Plan and ensuring the proposal remains within Financial Strategy parameters.

65. The Final Business Case proposes to offset $1.0 million of costs in 2016/17 that are in excess of that proposed in the LTP. This is a lower amount to the Dec-15 IBC which proposed $3.9m to be utilised from the fund to offset rates impacts in 2016/17 & 2017/18. This change has freed up capacity in the fund.

66. Use of the City Growth Fund in future years will be assessed at each Annual Planning process.

67. As with the Dec-15 IBC, analysis of the final proposal against our Financial Strategy parameters has been undertaken and detailed in Attachment 2. All Financial Strategy Borrowings and Rates limits and parameters are maintained.

2015-25 Long Term Plan Amendment

68. The following tables show how the FBC differs to the Dec-15 IBC and the Council's 2015-25 Long Term Plan:

A. Capital Budgets (CC & TMM Project Budgets Only):

$ million	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	LTP TOTAL
Capex LTP (Movie Musuem only)	-	-	-	-	-	4.3	17.5	7.8	-	-	**29.6**
Capex Dec-15 IBC	21.5	53.9	58.9	-	-	-	-	-	-	-	**134.4**
Capex Final Proposal (FBC)	**21.5**	**14.5**	**29.0**	**63.9**	**21.1**	**-**	**-**	**-**	**-**	**-**	**150.0**
Change FBC from LTP	*- 21.5*	*- 14.5*	*- 29.0*	*- 63.9*	*- 21.1*	*4.3*	*17.5*	*7.8*	*-*	*-*	*- 120.4*
Change FBC from Dec-15 IBC	*-*	*39.4*	*29.9*	*- 63.9*	*- 21.1*	*-*	*-*	*-*	*-*	*-*	*- 15.6*

The Capital budgets are $120.4m more than the LTP and $15.6 more than the Dec-15 IBC.

B. Council Borrowings (All of Council):

$ million	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Borrowings LTP	416.2	492.0	570.2	623.6	636.5	651.3	732.9	763.1	780.0	806.6
Borrowings Dec-15 IBC	437.8	567.4	704.5	755.1	765.1	772.8	834.2	854.2	869.0	893.4
Borrowings Final Proposal (FBC)	**437.8**	**528.0**	**635.2**	**752.6**	**785.1**	**792.4**	**853.3**	**873.0**	**887.4**	**911.4**
Change FBC from LTP	*- 21.6*	*- 36.0*	*- 65.0*	*- 129.0*	*- 148.6*	*- 141.1*	*- 120.4*	*- 109.9*	*- 107.4*	*- 104.8*
Change FBC from Dec-15 IBC	*0.0*	*39.4*	*69.3*	*2.5*	*- 20.0*	*- 19.6*	*- 19.1*	*- 18.8*	*- 18.4*	*- 18.0*

As a result of the increased capex, Council Borrowings have increased by $104.8m compared to the LTP and $18m compared to the Dec-15 IBC.

C. Opex Impact Table (CC & TMM Project Budgets Only):

$ million	LTP[1]	Dec-15 IBC	Final Proposal
LTP Period Total Opex (2015-2025)	33.2	44.6	**39.8**
25-Year Period Total Opex (2015-2044)	156.4	86.3	**97.4**
10 Yr Average Cost to Ratepayers (p.a.)	3.0	4.1	**4.0**
25 Yr Average Cost to Ratepayers (p.a.)	4.5	2.3	**2.9**

[1] or extrapolation of LTP costs when analysis goes beyond 2025

The opex costs of the final proposal are higher than the Dec-15 IBC, but considerably lower than the extrapolated LTP budgets.

D. Rates Requirement Impact Table (CC & TMM Project Budgets Only):

$ million	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	LTP TOTAL
Project Opex $ LTP	-	-	2.1	4.2	4.4	3.9	3.4	4.7	5.2	5.3	**33.2**
Project Opex $ Final Proposal	**-**	**1.0**	**2.0**	**4.3**	**6.3**	**6.9**	**6.0**	**5.1**	**4.5**	**3.7**	**39.8**
FBC Change from LTP	**-**	**-1.0**	**0.1**	**-0.1**	**-1.9**	**-3.0**	**-2.6**	**-0.4**	**0.7**	**1.6**	**-6.6**
City Growth Fund Allocation FBC		1.0	-	-	-	-	-	-	-	-	**1.0**
FBC Net Rate Impact	**-**	**-**	**0.1**	**-0.1**	**-1.9**	**-3.0**	**-2.6**	**-0.4**	**0.7**	**1.6**	**-5.6**
Project Opex $ Dec-15 IBC	-	1.8	4.2	7.8	7.0	6.0	5.2	4.5	4.1	3.9	**44.6**
Dec-15 IBC Change from LTP	**-**	**-1.8**	**-2.1**	**-3.6**	**-2.6**	**-2.1**	**-1.8**	**0.2**	**1.1**	**1.4**	**-11.4**
City Growth Fund Allocation FBC		1.8	2.1	-	-	-	-	-	-	-	**3.9**
Dec-15 IBC Net Rate Impact	**-**	**-**	**-**	**-3.6**	**-2.6**	**-2.1**	**-1.8**	**0.2**	**1.1**	**1.4**	**-7.4**
Change FBC from LTP	-	-	*0.1*	*-0.1*	*-1.9*	*-3.0*	*-2.6*	*-0.4*	*0.7*	*1.6*	***-5.6***
Change FBC from Dec-15 IBC	-	-	*0.1*	*3.5*	*0.7*	*-0.9*	*-0.8*	*-0.6*	*-0.4*	*0.2*	***1.8***

The rates requirement from the final proposal over the LTP period is $5.6m higher than that proposed in the LTP (after $1m of City Growth Funding), and $1.8m less than the Dec-15 IBC due to the delayed commencement date of the project.

E. Council Average Rates Increases after growth (Whole of Council):

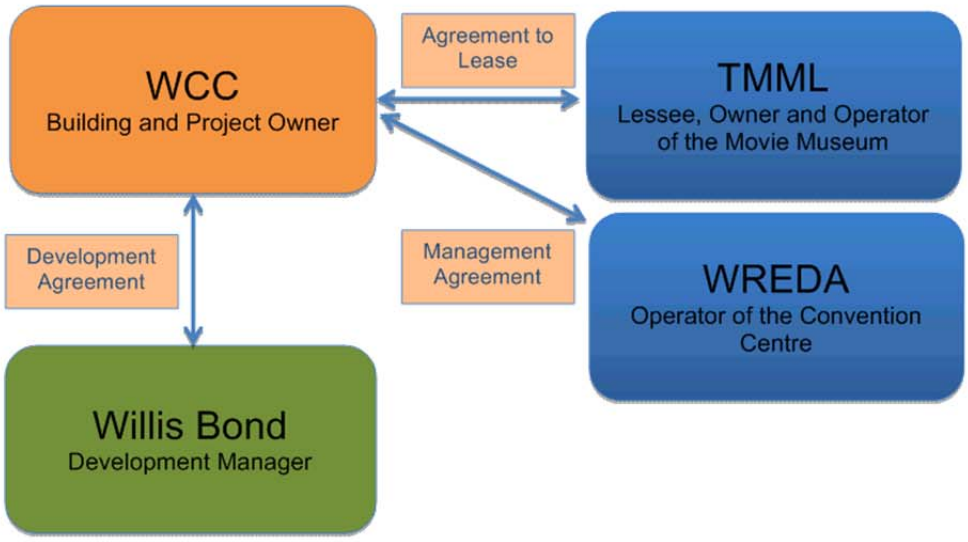
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	10 Yr Avg
Rates % LTP	4.9%	3.6%	5.1%	5.8%	2.5%	4.0%	3.0%	2.9%	4.1%	2.0%	**3.79%**
Rates % Dec-15 IBC	4.9%	3.6%	5.1%	7.0%	2.2%	3.8%	2.9%	2.4%	3.8%	1.9%	**3.76%**
Rates % Final Proposal (FBC)	**4.9%**	**3.6%**	**5.0%**	**5.9%**	**3.1%**	**4.3%**	**2.9%**	**2.3%**	**3.7%**	**1.7%**	**3.76%**
Change FBC from LTP	*0.0%*	*0.0%*	*0.1%*	*-0.1%*	*-0.6%*	*-0.3%*	*0.1%*	*0.6%*	*0.4%*	*0.3%*	*0.03%*
Change FBC from Dec-15 IBC	*0.0%*	*0.0%*	*0.1%*	*1.1%*	*-0.9%*	*-0.5%*	*0.0%*	*0.1%*	*0.1%*	*0.2%*	*0.00%*

Under both the final proposal and the Dec-15 IBC the rates % increases remain within the 3.8% ten-year average required by the Financial Strategy.

69. The proposed 2015-25 Long Term Plan amendment has been tested against all parameters of the 2015-25 Long Term Plan Financial Strategy parameters and is compliant in all areas.

Proposal Structure

70. The structure of the proposal can best be described in the diagram below:



71. The Development Management Agreement with Willis Bond allows Council to have expert management of this project from experienced project managers who have been involved with this proposal from the early master planning stages and have a keen interest in the successful delivery of this project for Wellington.

72. The Agreement to Lease (ATL), once executed, provides TMML's unconditional commitment for the project to proceed to deliver a Movie Museum as a unique and significant visitor attraction for Wellington. The ATL will be signed once there is confirmation that the condition relating to TMML confirming [redacted] in the Agreement to Proceed has been satisfied.

Conclusions

73. The commercial terms of the arrangement are unchanged from Dec-15 IBC, are considered to provide value to ratepayers to deliver these two projects, and the increased capital cost will ensure a building of significant architectural prestige and world standard facility is operating in the Capital.

74. The Final Proposal provides financial outcomes that are consistent with the indicative business case presented to Council on 8th Dec 2015 with the main change being the increased capital cost of the project to incorporate the architecturally aspirational façade design.

75. The Final Proposal includes improved connectivity between Cable and Wakefield Street through improved public space design on the ground level of the development,

76. Officers recommend the proposal, the increased investment cost to deliver the architecturally aspirational façade design and the commercial terms as outlined in this paper and to delegate authority to the Chief Executive to action all contractual arrangements upon satisfactory resolution of the final condition with TMML as set out in the Agreement to Proceed.

Options

77. Options for this proposal have been covered in Attachment 2 to this report, and in previous indicative business cases to Council on 8th December 2015.

Next Actions

78. Obtain satisfactory resolution to the final TMML condition in the Agreement to Proceed around [redacted] being confirmed and for the Mayor and CEO to report back to Council when this has occurred.

79. For Audit New Zealand to issue their Audit Report on the Amendment to the 2015-25 Long Term Plan.

80. For the CEO to execute all contractual arrangements to proceed with the project.

81. Upon achievment of these three points, for the project to proceed as outlined in the Final Business Case.

Attachments

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Attachment 3.	Amended Long-term Plan	138
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SUPPORTING INFORMATION

Engagement and Consultation
This proposal supports Council's overall vision of Wellington towards 2040: Smart Capital. It aligns with the Big Eight Ideas in our economic growth agenda and as included in the 2015-25 Long Term Plan.

This report outlines the separate engagement and consultation undertaken with the community between 15 February and 15 March 2016 on this proposal.

Treaty of Waitangi considerations
There are no Treaty of Waitangi considerations in relation to this proposal.

Financial implications
Financial implications for this project are outlined in the Report and Attachments 2 and 3. An amendment to the Long Term Plan is sought to allow appropriate provision for these financial implications as part of this report.

Policy and legislative implications
This proposal addresses any policy and legislative implications. Considerations have been around ensuring compliance with the provisions of our Long Term Plan and Financial Strategy, and delivery of our Economic Growth Agenda.

Policy and legislative implications around delivery of the development have been considered and addressed in design and delivery programmes.

Risks / legal
Council has received advice regarding the commercial terms and contractual arrangements within this proposal from Bell Gully, and the decision making process and consulation fro DLA Piper.

Climate Change impact and considerations
The development and building is envisioned to be designed and built to Green Star standards.

Communications Plan
A Communications plan is in place for this proposal. There are sensitivies around comercial terms and design that are being carefully managed in conjunction with our commerical partners.

Health and Safety Impact considered
All steps to ensure the health and safety of workers involved with the construction of this development will be made by the appropriate parties involved.

Wellington Convention Centre and Film Museum Proposal –

Results of Community Consultation

Executive Summary

The public were consulted on the proposed Movie Museum and Convention Centre proposal from 15 February - 15 March 2016. 108 submissions were received, with around a third from commercial entities. Overall, submissions were very positive with around 84% support (when a raw count was undertaken). This level of support likely underestimates the true level of community support due to several supportive submissions being received from organisations representing numerous members.

The commercial sector was the most positive with all submissions supporting the proposal. This group's support is important due to the majority of ratepayer burden of the project falls on them. Three quarters of individuals submitters were supportive and 71% of community and not-for-profit groups.

The most prevalent themes centered around the project being and attractor for tourism, a catalyst for economic growth and jobs, and a way of protecting and enhancing our conference market share and reputation.

Opposing views centered around the ratepayer burden.

Overview of consultation

Communication of proposal

The proposal and a call for the public to submit was communicated to the public by various means, including public notices, social media (including WCC's Twitter and Facebook accounts), and notices as part of the 'My Wellington' weekly email, which has over 6,000 subscribers.

Media coverage of the proposal

The proposal was also covered extensively in the lead-up to – and during – the consultation period by print media including the Dominion Post and The Wellingtonian, on various websites including Stuff, Scoop, 3 News and was covered on a variety of radio stations.

Council advertising and the high level of media interest and subsequent articles helped raise awareness of the proposal in the community, resulting in the proposal web page receiving over 700 unique page views.

Consultation material

The consultation document, 2015-25 Long Term Plan Amendment and the detailed business case, were made available on council's website, in the service centre on Wakefield Street and in Council libraries.

Consultation period

Stakeholders and the community were asked to provide written feedback on the proposal over a one month period from 15 February to 15 March 2016.

Summary of community feedback

Submissions

One hundred and eight submissions were received. Thirty six were from commercially aligned organisations (either businesses or umbrella groups), sixty five submissions were received from individuals and seven from community and not for profit groups such as residents associations.

Many of the organisations that submitted were 'umbrella' associations representing sectors of industry often made up of hundreds – and sometimes thousands of individual members eg. The Chamber of Commerce, Tourism Industry Association NZ, the NZ Retailers Association etc. Some groups were clear on the mandate they held from their members, and who their membership was, while other were silent on this matter.

It should be kept in mind that the submissions process apportions similar 'influence' to submitters who represent many members, as to those that do not, such as individual submitters. If these factors were taken into account to take a more 'proportional' approach, the results of this consultation would be even more favourable towards the proposal.

Support for the proposal

Submitters were asked to respond to two questions:

> *1) Is a combined Movie Museum and Convention Centre a good idea for Wellington?*
>
> *2) Should the Council support this proposal?*

Submissions were coded into 'support', 'support with caveats' and 'do not support' for each question.[1] For the purposes of scoring overall support, supportive submissions were combined with those that offered 'support with caveats' to give an overall score of support.

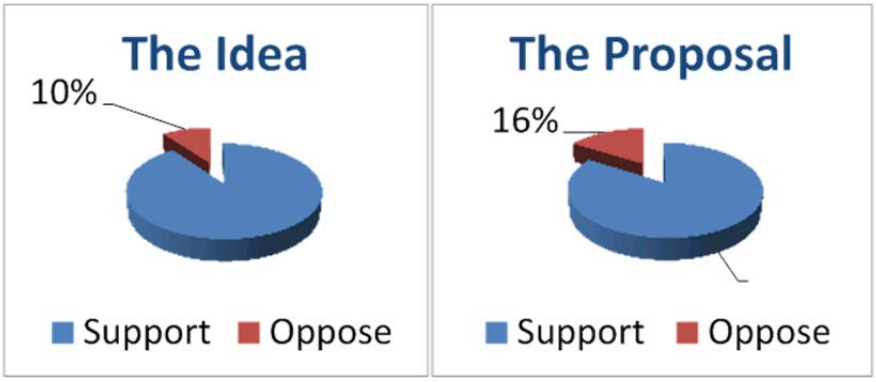
Overall, nearly more than eight out of ten submissions (84%) support the proposal, with a minority in opposition (16%).

Level of support

Fig.1: Overall support for each question (number of responses and %).

Support?	Q1: Idea of a film museum and convention centre	Q2: Do you support this proposal
Yes	96	80
Yes with caveats	1	11
No	11	17
total overall support (Yes + Yes with caveats)	97	91
% support	**90%**	**84%**
% opposed	**10%**	**16%**

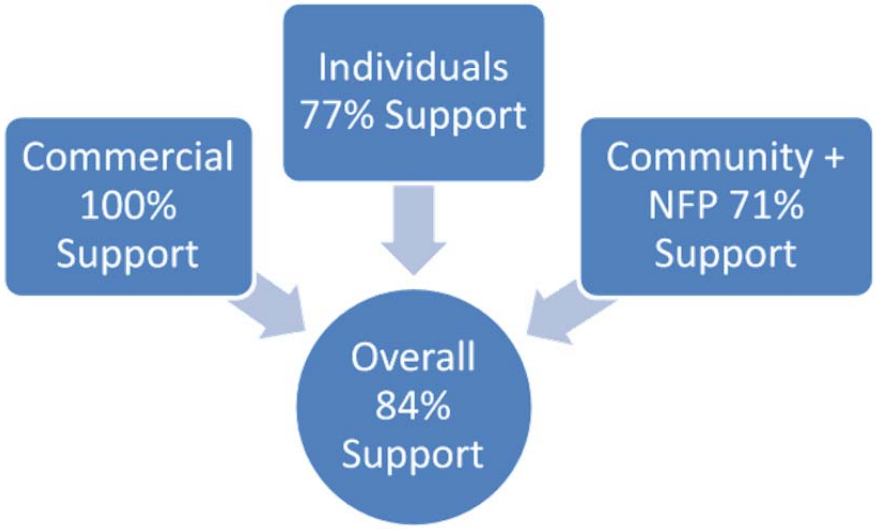
[1] Support with caveats means a supportive submission but asking for material aspects of the project to be changed or addressed in some way that was deemed to be possible or likely, or such that if they were not addressed, would not mean support would be lost (e.g. addressing pedestrian links).



Who was supportive?

Support had different patterns across submitters, and differing levels of engagement with the proposal documentation and level of analysis. Commercially aligned submitters were universally supportive of the proposal, while around ¾ of individuals, community groups and not-for-profits were supportive.

Fig.2: Support by submitter type



Dominant themes

The overall tone of submissions was very supportive, with only a minority of voices opposing the proposal. Supportive themes generally focus on the benefits to the economy, the need to retain and grow market share, and the jobs that would be created, while those that did not support the proposal tended to argue that it wasn't council's role to fund the project.

Fig. 3: Most prevalent themes, presented by positivity (green) and opposition (red).

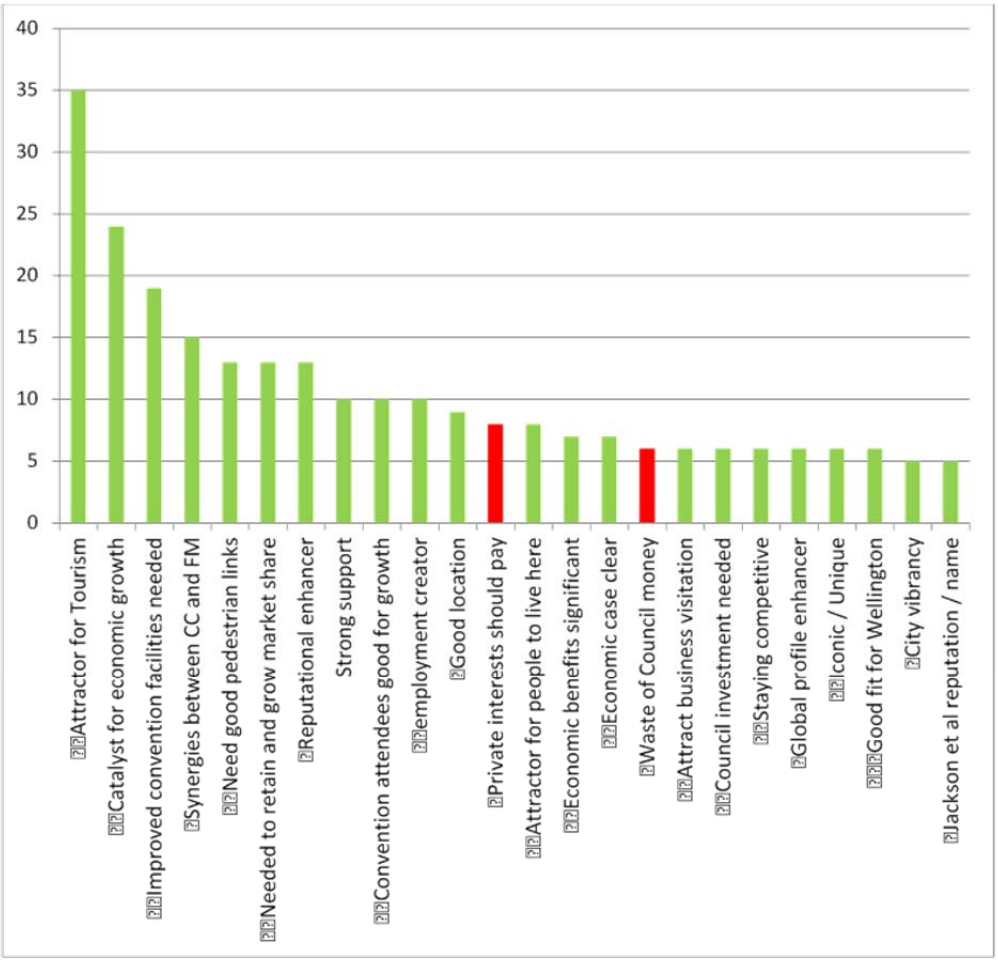


Fig. 4: Word cloud of dominant themes (larger fronts indicate the most prevalent themes in submissions).



Detailed analysis of themes

Positive themes:

Echoing the levels of overall support, positive themes were by far the most dominant ones. The most prevalent positive themes had a strong economic focus. They centred around the direct and indirect benefits that the project would bring, the fact that these benefits were required and the synergies between the aspects of the project, and fit with the wider wellington economy.

The idea that the project would add as an attractor was a common one. This was both in terms of tourism, and business visitation, and that this visitation has downstream benefits:

> *"It can only lead to an increased number of visitors to the Coolest Capital and is a great opportunity to remind people from out of the area what we can offer."*

A typical position was that this project will create employment, both directly and indirectly, and that it will be a catalyst for further economic activity

> *"This type of investment, properly executed, will attract further private capital."*

Other felt that the project also addressed a need in the city, in terms of refreshing our visitor attractions and having fit for purpose convention facilities:

> *"There is a proven shortage of dedicated, large scale, flexible convention space in Wellington and demand far exceeds supply during peak times."*

Another dominant theme was that the project had synergies, both between the Convention Centre and film museum aspects, but also to the area (including Te Papa) and the wider city offering:

> *"The additional attraction of a movie museum in the same building as the convention facilities puts Wellington at a huge advantage in offering a truly unique offering that is unrivalled in any other city in NZ."*

This theme of fit and reputation was echoed by several submitters, many of whom felt that this fit offered considerable benefits over and above a more generic convention centre offering:

> *"The movie museum will provide the Convention Centre with a point of difference. There are many convention centres around the world and when you are competing for a piece of business against another convention centre or city, to have a world class visitor attraction in the same location can only add weight to your bid/proposal."*

This was closely linked to the reputation of the project partners, and how they will help ensure the project's success:

> *"The association with and long term commitment of Sir Peter Jackson & Fran Walsh together with Sir Richard Taylor & Tania Rodger not only mitigates risk but also provides confidence that the Movie Museum offering will be something special that the community can count amongst its treasures."*

Several submitters noted that the proposed site is an ideal location. Specifically, they referred to it being an underutilised piece of land, a high potential site opposite Te Papa, and in an area of the city that requires regeneration:

> *"…makes good use of a premium space close to the waterfront and Courtney Place which is currently underutilised essentially extending the waterfront precinct which is a key visitor attraction."*

Caveated support

As noted above, several submitters supported the project but wanted to see issues addressed or changes of one sort or another made. There was a wide range of suggestions, but prominent ones involved transport and access issues, and some comments around the funding arrangements.

Several submitters sought to ensure that the location was accessible on foot easily, and had good links with the waterfront. Most submissions saw this as an opportunity to link this part of the city with the waterfront and Courtney Place.

> *"Careful thought should be given as to how the complex connects with both the waterfront/Te Papa to the north and Courtenay Place to the south. There is an opportunity to create an events precinct by directly linking the convention centre with Te Papa across the road allowing Wellington to cater for even larger events through the combination of both facilities."*

Other submitters sought changes to the funding arrangements to lessen the impact on commercial ratepayers. One felt that downtown businesses would be paying twice:

> *The proposed funding solution meant all businesses operating within the downtown levy catchment area contributing twice under the funding model - through the downtown levy and general rates. (Submitter) proposes that all funding should come from general rates based on current levels. Another alternative suggested was to limit the period in which the downtown levy funding is used, for example, the first three years.*

Opposing submitters

The most prominent theme present in submissions against the proposal was that Council should not be involved in funding the project. This theme centred around the burden on residential ratepayers in particular. This theme was mostly present in submissions from individuals.

> *"…do not support the provision by ratepayers of any funding in any form or by any means being used to fund or sustain this project in part or in its entirety."*

A closely related theme was that the project is not something that Council should be involved with, due to it being 'out of scope'.

> *"No, this is not core business."*

Others took a more commercial approach, insisting that if the project was beneficial, it would be viable on commercial terms, and as such, commercial interests should pay for it.

> *"If it's a good idea and needed an investor (sic) will support it*

WELLINGTON CONVENTION CENTRE AND MOVIE MUSEUM

Final Business Case (Redacted) August 2016

Absolutely Positively
Wellington City Council
Me Heke Ki Pōneke

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Glossary

Abbreviation	Term
ATL	Agreement to Lease (referring to the TMML Movie Museum lease)
BERL	BERL – Business and Economic Research Consultants
CBD	Central business district
CC	Convention Centre (meaning the new proposed facility)
Council	The Committee of elected members for Wellington City Council
FBC	Final Business Case (meaning this document)
FTE	Full time equivalent
GFA	Gross floor area
Horwarth/HTL	Horwath HTL (Hotel, tourism and leisure consultants)
IBC	Indicative Business Case (meaning the 8th December 2015 approved in principle IBC)
LOTR	Lord of The Rings (referring to the J.R.R. Tolkien books turned into movies by Sir Peter Jackson)
LTM	LT McGuinness (Construction company)
MICE	Meetings, Incentives, Conventions and Exhibitions
NZIER	NZ Institute of Economic Research
PWV	Positively Wellington Venues, WCC's venue management company, now part of WREDA
RLB	Rider Levett Bucknall, Quantity Surveyors
SQM/sqm	Square metres
Te Papa	Museum of New Zealand Te Papa Tongarewa
Term Sheets	Refer to the signed Term Sheets outlining the commercial terms agreed with Willis Bond and TMML respectively
TMM	The Movie Museum (the museum)
TMML	The Movie Museum Limited (the company operating the museum)
TRC	TRC Tourism Ltd (Tourism consultants)
vfm	value for money (in terms of the Commercial Case for Council)
WCC	Wellington City Council (the organisation)
Willis Bond	Willis Bond and Company Limited (Development Management Company)
WREDA	Wellington Regional Economic Development Agency

1. Introduction

This Final Business Case (FBC) follows on from Council's decision on 8th December 2015 to support in principle a new Convention Centre and Movie Museum for Wellington, subject to community consultation, the unconditional commitment from The Movie Museum Limited (TMML) and a final business case.

This FBC combines the previously separate cases for investing in a new movie museum and new convention facilities for Wellington, but focusses on the preferred proposal which combines these two projects into one development. It focuses on the areas of update or change to the business cases this combined proposal brings.

The key areas of update included in this FBC are:

- Updated designs incorporating urban design and façade considerations
- Final commerical agreements and terms
- Updated costings and financial analysis
- Consultation results
- Commercial and Management Cases

For sections of the Indicative Business Cases that have not materially altered since 8 December 2015, for example the Strategic and Economic Case sections, only a summary recap is included in this document. For detail please refer back to the indicative business cases as presented to Council.

Since the in principle approval of the Indicative Business Cases and preferred option on 8th December 2015 (the Dec-15 IBC), WCC has purchased the site for the proposed development, completed the community consultation and advanced the development designs to a stage that all parties can commit to the proposal in the knowledge costs and outcomes are realistic and achievable.

Should this FBC be approved by Council, WCC and TMML will enter into an Agreement to Proceed which:

- reconfirms each party's committment to the project;
- formalises their agreement to proceed with the concept designs;
- agrees on timing parameters for the next stages of the development
- reconfirms all the commercial terms previously agreed;
- notes that WCC seeks all approvals at the Council meeting of 17 August 2016 necessary to satisfy its outstanding conditions of the Terms Sheet previously agreed between both parties;
- notes that TMML have one remaining condition of the Terms Sheet to be satisfied by TMML [redacted] before final execution of the Agreement to Lease.
- amends the Terms Sheet to reflect the proposed timing of the Development

2. Executive Summary

The final business case proposal is for WCC to build and own a three-storey development housing a Movie Museum on the first two levels, and a Convention Centre on the third level on a site already purchased by WCC opposite Te Papa between Cable and Wakefield Streets. The Movie Museum (TMM) will be leased for 25 years to a third party company owned by Sir Peter Jackson, Sir Richard Taylor, Fran Walsh and Tania Rodgers who will own and operate the Movie Museum business. The Convention Centre business will be owned and operated by WCC through WREDA.

The case for new purpose built convention facilities of a scale to host large full format multi-day conventions (up to 1,000 delegates allowing for exhibitors, plenary sessions, break out sessions and a banquet) is strong for Wellington. The case for a new visitor attraction that celebrates the works of Wellington film makers Sir Peter Jackson and Sir Richard Taylor showcasing the talent and expertise in Wellington is also strong and provides a much needed additional visitor attraction to ensure Wellington is a key destination in the itineraries of visitors to New Zealand, and to capitalise on the strong growth New Zealand is experiencing in the tourism sector.

Each project attracts new visitors to the city and will grow the city economy. A Convention Centre will bring business delegates to the city and provide a venue to showcase Wellington's key industries from. A Movie Museum will also showcase Wellington's expertise in film-making and will ensure Wellington can grow its market share of the growing number of international tourists visiting New Zealand and also stimulate domestic tourism. By combining these two projects we achieve a unique offering to the market place on a underutilised site in the heart of our entertainment precinct opposite Te Papa and the waterfront.

Whilst the convention business will be run separately from the Movie Museum business, the co-location will allow partnering opportunities and in particular enhance the Convention Centre's ability to win new business due to its unique point of difference. What we know about successful conferences, and holidays, is that it is not just about the quality of a venue, it is about the destination and experience you have while there.

Conferences organisers in particular are looking for venues that will make their events unique and enjoyed by the delegates – we think the ability for delegates to visit the Movie Museum so easily, and with Te Papa across the road, will significantly enhance their time in Wellington, and provide a uniquely "Wellington" experience to delegates that cannot be replicated elsewhere.

This project will also stimulate further development and improvement in the surrounding area. It will create a demand for hotel beds that will require the development of more hotels in the city, and will give confidence to owners of surrounding businesses to invest in upgrading their buildings and fitouts, and will ensure the growth of the service and supply businesses to the Convention Centre and Movie Museum. This will add to the city's ratepayer base allowing the costs of this project and of running the city to be spread wider, making things more affordable for all.

This project goes to the heart of enhancing the Wellington visitor experience, which together with Wellington's already stunning waterfront, cafés, strong arts and cultural scene, resurgent retail scene and ease of getting around will ensure we continue to attract new visitors and extend current visitor's length of stay in the city. This will add to our economy, stimulate secondary investment and create more jobs.

2.1. Overview of the proposal

The proposal is to fund and develop a purpose built Convention Centre and Movie Museum on a site directly opposite Te Papa between Cable and Wakefield Streets. WCC have already acquired this land under two separate sale and purchase agreements for a purchase price of $21.5 million. Under the proposed development arrangement:

- WCC will lead the development of the site which will entail the construction of a three storey, 19,368 sqm building to house the Convention Centre (CC) and The Movie Museum (TMM) utilising Willis Bond as development manager, Studio Pacific Architecture as designers and LT McGuinness as the construction contractor.
- The building will be owned and funded by WCC.
- The expected development cost is $145 million for this project including the land value, and a further $5 million investment will be required for the Convention Centre fit out (all furniture, fittings and appliances).
- WCC will own the building and bear the majority of risk associated with development and ownership of this building.
- WCC will be responsible for all on-going building costs including insurance, building services and building maintenance.
- Once complete, WCC will lease the lower two floors to The Movie Museum Limited (TMML), a New Zealand company owned by Sir Peter Jackson, Sir Richard Taylor and Tania Rodger.
- The TMML lease term will be 25 years [redacted]
- TMML will be responsible for operating and managing the Movie Museum. They will fund the initial museum fit-out [redacted], on-going exhibition and fit-out renewals, all operational costs of the museum and take on all associated operating risk.
- WCC will operate the Convention Centre through WREDA and take on all associated operating risk.

2.1.1. Convention Centre

Under this proposal, the Convention Centre would cover 5,411 sqm and be able to host full format multi-day conferences up to 1,000 people, banquets of up to 1,180 people and seat 1,930 people in a theatre style seating arrangement in a modern and purpose built facility.

The facility will meet a significant gap in Wellington's current market with a 1,543 sqm flat floor space and similar sized exhibition space adjacent to this. This main space will be fully flexible with operable walls able to break the space down into smaller spaces for break outs or con-current events. The location directly opposite Te Papa will open up opportunities for even larger events to be held in combination utilising the new centres facilities and Te Papa facilities or other WCC facilities.

This capability is something the Wellington's business events market has been significantly lacking. The centre is expected to bring new business to Wellington in the larger conferencing market, however the centre will target the majority of its business in the medium sized conferencing market where there is also a greater volume of events.

Overall, it is anticipated that 67 new events will be attracted to the Wellington market each year, bringing 62,450 additional delegate days and the related economic benefits. The proposal will also protect around 8% of Wellington's market share which it would lose when new facilities are built in Auckland, Christchurch and Queenstown.

2.1.2. The Movie Museum

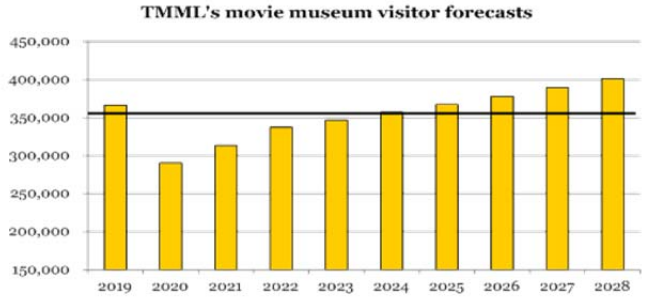
The Movie Museum will cover a total gross floor area of 10,008 sqm across two levels and house thousands of the priceless designs, props, models and set pieces from the numerous film productions, from whole worlds to single weapons, creatures to costumes, make-up to miniatures, vehicles and more - an astonishing archive of Wellington filmmaking has been collected, curated and is ready to be shared.

It will be designed to appeal to a broad audience by offering a dynamic and immersive experience, bringing to life aspects of the films created by Sir Peter Jackson and Sir Richard Taylor. The museum will fully utilise innovative technologies that will bring to life those aspects of film making that New

Zealand has been recognised for, in particular special effects, make up and costumes.

Exhibitions will be both permanent and temporary – with planned capital expenditure to refresh the exhibitions during the lease term. TMML wil host travelling exhibitions and share its collections with other museums. The Movie Museum will also offer a retail shop, a café and permanent offices for museum management.

The Movie Museum is expected to average just over 350,000 visitors during its first ten years of operation. For comparison, this is significantly less than Te Papa, which achieved almost 1.5 million visitors in 2014/15, and 1.8 million in 2015/16, but similar to the number of visitors at other paid attractions such as Hobbiton in Matamata, Te Puia in Rotorua and Kelly Tarlton's Sea Life Aquarium in Auckland.



The movie museum is forecast to attract on average 350,000 visitors per annum over its first ten years of operation.

This is a unique offering and opportunity for Wellington. It builds on New Zealand's reputation as an international centre for film production. It is backed by a highly credible team with a reputation for quality, and with recent success in visitor attractions at Hobbiton in Matamata and the Weta Cave in Miramar.

2.1.3. Co-location of the Movie Museum and Convention Centre

By co-locating the Movie Museum and Convention Centre, the Council can make efficient use of scarce downtown space. It also enables both facilities to benefit from this prime tourism location in close proximity to Te Papa and enables Council to gain efficiency in delivering two of it's Big 8 ideas on one location.

There will be opportunities for cross-selling and marketing into both customer bases. The Movie Museum will be able to draw on convention delegates, and the Convention Centre will be able to offer something unique to delegates and their partners, when compared with other convention centres such as those being developed in Auckland, Christchurch and Queenstown.

There are also opportunities to leverage each facility. For example the Convention Centre would be available to the Movie Museum with a range of valuable offerings including: theatre showings, space for temporary exhibitions, gala events and associated conferences. The Movie Museum will be able to host small to medium sized themed banquets out of normal trading hours. There may also be operational efficiencies such as joint service and maintenance contracts or shared cleaning operations.

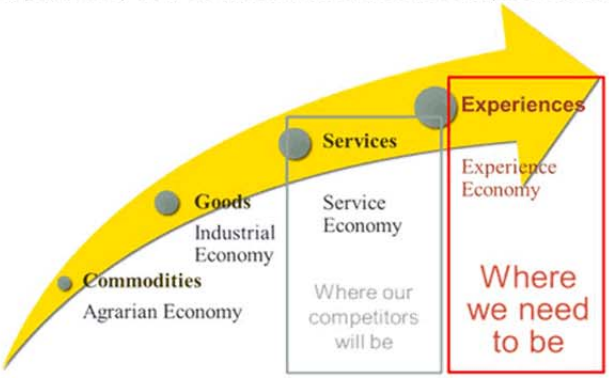
2.1.4. The Experience Economy

An important component of the proposal is the link to the evolution of what's been called the Experience Economy. This trend is about how people are increasingly making decisions based upon the promise of an experience in addition to the quality of the service or good itself. Wellington has the opportunity to present itself as a unique and enticing conference and visitor experience.

The combination of the Movie Museum and the location, in the heart of Wellington's cultural precinct a stones throw from the world renowned Te Papa Museum and our stunning waterfront, is this element of "experience" that the market is increasingly looking for. In a competitive market, it gives us a unique selling point. When added to our natural conferencing advantages – our compact size, our waterfront

and natural scenic beauty, our capital status, our creative and vibrant lifestyle – we have a strong offering.

We envisage this combination of "experience" attributes will significantly enhance our ability to win new conference business, particularly from the Australian market, and complements the national offering.



2.1.5. Key changes from the Dec-15 IBC to this FBC

The changes from this proposal are outlined in detail in section 6.2 of this report. Below are the key changes around the design changes and construction timing:

Item	Dec-15 IBC	Aug-16 FBC	Comment
Opening Date	Early 2019	February 2020	Opening date is dependent on the construction start date, and is expected to be 3 years following its commencement.
Design Stage	Concept Includes the Baseline façade (Option A)	First Stage: Detailed Design Includes the Aspirational façade (Option B)	The building design has significantly progressed since Dec-15 including ground floor layouts, linkages with Wakefield Street, public spaces and options for façade designs. The latest designs form the basis for the revised project capital costs.
Project Capital Cost	$134.5 million	$150.0 million	Increase primarily due to recommended aspirational façade design and other layout changes as a result of the more detailed design stage. [Note the Baseline façade Option A will now cost $140m based on latest designs and costings]
Project Operational Cost: 10 year average p.a. cost	$4.1m	$4.0m	The costs over the first ten years are slightly less due to the lower interest rates which has offset the impact of a higher construction cost.
Project Operational Cost: 25 year average p.a. cost	$2.3m	$2.9m	The costs over the full 25 year TMML lease period are higher than the IBC mainly due to the additional costs added around façade maintenance and delayed opening of the facilities.

Item	Dec-15 IBC	Aug-16 FBC	Comment
Benefit Cost Ratio	5.8 : 1	4.8 : 1	Reduction due to project cost increases and delayed opening date meaning the economic benefits fall later than planned.

2.2. The strategic case

Wellington City Council (WCC) is currently pursuing a growth strategy that seeks to drive productivity, create jobs, grow knowledge-intensive exports, support innovation and deliver 'smart' infrastructure. To help deliver on these economic outcomes, WCC is progressing "Eight Big Ideas" that aim to boost the local economy and make it more diverse. Of the eight ideas, two are central to this business case: (1) developing conference venues and (2) developing a film museum.

Whilst the components of this proposal target and are driven by differet markets, both are aimed at driving increased visitation to the city and boost our visitor economy. The Movie Museum is targeting tourist and leisure visitation, and the Convention Centre is targeting the business events market. Both create siginificat demand drivers on our visitor economy and will drive further investment in hotels, food and retail in the area to support that increased visitation. They will also support local industry to showcase their expertise, products and services through the creative works on display at the musuem, and other industries who use the Convention Centre.

In addition, the competitive landscape is favourable for the Movie Museum as tourism has recently surpassed dairy as NZ's largest export earner. The forecast growth in NZ tourism over the next ten years is significant with the government setting an aspirational target of $41 billion in tourism revenue by 2025 – a 71% increase from the $24 billion tourism revenue earned in 2013. Wellington is in need of an additional tourist attraction to ensure it is a must visit destination within the itineraries of our overseas and domestic visitors, and benefit from this export earner locally. There are no directly comparable tourists attractions in Wellington, New Zealand or Australasia.

The strategic cases for both the Convention Centre and movie musuem were covered in depth in the indicative business cases. The key strategic points that support the investment in this proposal are:

- **Delivers on Council's Economic Strategy:** The proposal delivers on two of Council's Big Eight Ideas and supports our economic growth strategy. It has long been envisioned new convention facilities would be built, and that a large-scale tourist destination be developed which would bring all the artistry and achievements together and showcase Wellington's impressive film-making credentials and the substantial collections of Sir Peter Jackson, Fran Walsh, Sir Richard Taylor and Tania Rodger. This project delivers both of these initatives.

- **Raises Wellington's toursim and film-making profile:** The Movie Museum will lift Wellington's reputation as tourist destination and will enhance the existing film infrastructure that has been established in Miramar. By building the basket of Wellington attractions there is the potential to move Wellington from a 'maybe' to a 'must-visit' destination for visitors, both domestic, trans-tasman and international.

- **Provides quality infrastructure to the market:** Wellington's venues are aging, inflexible and their multi-purpose nature means they are not always available to the buinsess events market. A large modern, flexible, single purpose venue will allow Wellington to sell effectively into the market and reap the rewards of our compact, vibrant and cultural city which is attractive to convention organisers.

- **Protects our convention market position:** The convention market internationally is growing but NZ is not benefiting from this growth due to a lack of quality infrastructure. With new venues being built in Auckland and planned for Christchurch and Queenstown a "status quo" approach will be a step backwards for Wellington. This has been estimated as a loss of market share of 4%-17% of our delegate day market. At 17%, the impact would be 171 job losses in our economy.

- **Drives secondary investment:** The visitor demand this proposal brings will stimulate private investment in the supporting services of a visitor economcy, increasing the rating base of the city which makes the city's infrastructure more affordable to individual ratepayers. It will also drive a transformation of this area of the city, better linking Te Papa and the waterfront to our Courtenay Precinct, and improving some "shabby" sites in this area which doubles as the entrance to our CBD.

- **Drives Wellington's "Experience Economy":** People are making decisions more and more not only on the quality of a service or venue, but the overall experience promise while at an event, or visiting a city. Wellington can add to our visitor and business delegate experience with this proposal and will be an additional point of difference in a competitive market.

2.3. Economic and other benefits for Wellington

The key reason for WCC to be involved in this proposal is to grow Wellington's economy through investment in facilities / infrastructure to support and drive increased visitation to the city. As such, the expected benefits of the proposal include:

(1) increased visitor numbers and expenditure in Wellington

(2) job creation and increased commercial activity

(3) generating secondary investment

(4) cementing Wellington's image as the film capital of New Zealand and showcasing our expertise in this area

(5) anchoring Wellington on the business event's circuit and ensuring we remain competitive, relevant and visible with quality facilities to support all our key sectors

(6) improving the liveability of Wellington city.

The benefits are firstly related to the increased expenditure and job creation in the economy from the construction phase of the project. Once open, the operational phase benefits relate to the increased visitation to Wellington that is created by delegates attending the new business events at the Convention Centre, and people visiting the Movie Museum. In addition to the new business delegates, we anticipate the new convention facility will protect our current business events market position which would have otherwise been eroded in the face of new modern purpose built facilities opening in other parts of NZ.

These benefits and phases can be best described in the following diagram:

Construction Phase

- The construction phase will have or deliver:
  - a 3 yr construction period
  - a bespoke building using local design and engineering talent.
  - a Wellington development management and construction lead with local trades expertise
  - $134m of new expenditure in the the local economy
  - $43.6m of new GDP to the economy
  - 540 new FTE jobs created

Operational Phase CC

- the Convention Centre will:
  - attract 67 new events delivering 62,450 new delegate days to the city
  - provide direct benefits to hospitality sector
  - anchor Wellington on the business events circuit
  - bring $32m of new expenditure to the economy per annum
  - bring $17m of new GDP to the economy per annum
  - create 225 new jobs

Operational Phase TMM

- the Movie Museum will:
  - attract new visitiation to NZ and Wellington
  - increase length of stay in Wellington
  - increase visitor spend in the city
  - showcase our filmmaking success and expertise
  - provide direct benefits to hospitality sector
  - bring $14m of new GDP to the economy
  - create 258 new jobs

Market Projection CC

- the Convention Centre will:
  - protect 4-17% of our current market share which would otherwise be lost if no investment was made in Wellington
- at 8% market share protection will:
  - protect $12m of expenditure per annum
  - protect $6m of GDP per annum
  - protect 85 jobs

In addition to these primary benefits, secondary benefits of the following will be achieved:

- secondary investment in new hospitality sector business such as hotels, restaurants, cafes, bars and retail (we have already seen an emergence of activity around the site with the sale of another Cable St site to a hotel owner/operator)
- increased ratepayer base making Council costs more afforadable to all

In order to have secondary growth in the ratepayer base offset the costs to ratepayers of this project over the next 25 years, $295 million of secondary investment in the city's capital stock required.

2.3.1. Economic benefits quantified

BERL has estimated the benefits which are summarised in the table below.

- During construction, the project is expected to deliver $134.0 million of new expenditure, $43.6m of new GDP and 540 jobs to Wellington's economy.
- Once completed, the development is expected to deliver and protect $72.4 million of annual additional spending, annual GDP in the city by $37.5 million and 568 jobs.

	Construction phase (one-off)	**Operational phase (ongoing)**		**Total operations (per annum)**	**Market protection (8% loss protected)**	**Total benefit to the city (per annum)**
	Combined	***Convention Centre***	***Movie Museum***	***Combined***	***Convention Centre***	***Combined***
Expenditure	**134.0**	$31.9m	$28.2m	**$60.1m**	$12.3m	**$72.4m**
GDP	**43.6**	$16.7m	$14.4m	**$31.1m**	$6.4m	**$37.5m**
FTEs	**540**	225	258	**483**	85	**568**

2.4. Consultation & Stakeholder Support

This concept has been discussed with a number of key industry stakeholders, and there is strong support for the project.

The public consultation has also shown strong support for the project with 84% of the over 100 respondents supporting the project. The key supporting themes from consultation were:

- Good for economic reasons (increased visitation, drives growth, new facilities and visitor attractions are needed)
- Synergies between the museum and convention centre creates a point of difference
- Reputational as the project fits well with Wellington's image, and will be a great addition

There were a minority group (16%) who were not supportive of the proposal, and the key themes of their opposition were that is was not Council's role to fund this sort of venture and put financial burden on the ratepayers, and the risk of the venture failing.

Other themes coming from the consultation were around the urban planning and the need to create good links to and from the site, especially with the waterfront and Te Papa, and back towards the Courtenay precinct, confirming the funding balance is right, and ensuring traffic and pedestrian congestion is managed. These comments have been fed back into our design process and the final designs show considerable thought has been put into these areas.

Submitters often noted that many visitors currently bypass Wellington, or primarily visit for the ferry to or from the South Island. There was general agreement that the Movie Museum would measurably add to Wellington's visitor offer, building upon the strength of Te Papa, to help make sure Wellington was seen as a "must visit" location. There was a strong view that iconic offerings drive visitation. The intention of this proposal in its design, construction and operation is to ensure we do have an inconic building and change the patterns of Wellington's tourist visitation.

Stakeholders mentioned the significant impact of film tourism for New Zealand over the last 15 years, and pointed to the success of Hobbiton as evidence of the continuing appeal. It was also noted that Wellington was an appropriate location to celebrate the success of the film industry.

Stakeholders also noted that Wellington struggles to host large conference events, and the quality of our venues is now aging when compared to our competitors.

There is strong public support for this proposal from the consultation process and general stakeholder feedback. This support comes in particular from the commercial sector who will be paying the largest proportion of this development in their rates.

2.5. Financial implications

2.5.1. Initial Capital Cost

The initial capital outlay for this proposal is $150 million, including the $21.5 million land already purchased and will be funded by debt. This has increased from $134.5 million in the Dec-15 IBC primarily due to the incorporation of an aspirational façade design ($10 million), and other internal changes required as the detailed design stage has advanced.

Note the baseline façade envisaged in the Dec-15 IBC would now cost $140 million after incorporating the same "non-façade" related design changes since December 2015 as incorporated into the final business case designs. The following table outlines these changes:

CAPEX $ millions	Per Dec-15 IBC	Per Aug-16 FBC	Change
Land Cost (already purchased)	$21.5	$21.5	-
Construction Cost & Professional Fees[1]	$107.9	$123.5	$15.6
Convention Centre Fitout	$5.0	$5.0	-
Total Capital Cost	**$134.4**	**$150.0**	**$15.6**

[1] *based on the latest costed designs*

2.5.2. Opex costs during construction

During the construction phase, WCC will incur the normal operational costs of the land ownership (rates and insurance) and the debt servicing costs related to the debt incurred for the capital costs noted above. WREDA will also incur some "pre-opening" costs in their management and marketing of the Convention Centre prior to opening. These costs total $7.3m are summarised in the table below:

OPEX $ millions (inflated)	Construction / Pre-opening Phase					
Project Year: / Financial Year:	Yr -2 2016/17	Yr -1 2017/18	Yr 0 2018/19	Total Aug-16 FBC	Total Dec-15 IBC	Variance FBC to IBC
Interest and Depn Costs	1.0	1.7	3.6	6.3	5.1	1.2
Rates & Insurance	-	0.2	0.4	0.6	0.5	0.1
Total Building Costs	**1.0**	**1.9**	**4.0**	**6.9**	**5.6**	**1.3**
CC pre-opening Costs	-	0.1	0.3	0.4	0.5	-0.1
Net cost to be funded	**1.0**	**2.0**	**4.3**	**7.3**	**6.1**	**1.2**
New Rates Income	-	-0.1	0.1	-	0.2	0.2
Net financial cost to city	**1.0**	**2.1**	**4.2**	**7.3**	**5.9**	**1.4**

This compares to the Dec-15 IBC pre-opening costs of $5.9 million. The key reasons for the increase is the financing costs of owning the land for an additional year due to the delayed opening date and the higher funding costs of a higher construction cost.

It is recommended that $1 million of these costs is funded from the City Growth Fund to maintain project cost levels at those included in the 2015-25 Long Term Plan over this period. This compares to $3.9 million recommended to come from the City Growth Fund in the Dec-15 IBC as the delayed opening date now more closely aligns to the original 2015-25 Long Term Plan budgets. This has created some additional capacity in the Fund for other economic growth initiatives.

2.5.3. Ongoing operational costs

Once the building is complete and the Convention Centre and Movie Museum are operational the normal costs of operations will be incurred/received by WCC.

The net impact of these revenues and costs is expected to funded from rates, and averages $4.0 million per annum over the first 10 years of operation (compared to $4.1 million per annum in the Dec-15 IBC).

When spread over 25 years, the average costs per annum reduce to $2.9 million per annum as the Convention Centre operating surplus and TMML lease income increases (compared to $2.3 million per annum in the Dec-15 IBC).

OPEX $ million (inflated averages per annum)	Aug-16 FBC		Dec-15 IBC	
	10 Yr Avg	25 Yr Avg	10 Yr Avg	25 Yr Avg
Interest & Depreciation	8.0	8.0	8.9	8.1
Opex Costs (Rates & Insurance)	1.1	1.3	1.1	1.3
Total Building Ownership Costs	**9.1**	**9.4**	**10.0**	**9.3**
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net Rates Requirement	**4.6**	**3.6**	**4.9**	**3.2**
Compared to the LTP Avg Net Rates Requirement[2]	4.4	5.9	4.4	5.9
Incremental Rates Income	0.5	0.7	0.8	0.9
Net Financial Cost to City	**4.0**	**2.9**	**4.1**	**2.3**
Secondary capital investment required to offset net financial cost to the city	401	295	410	229

[2] Based on the first 10 and 25 years of operations of the Convention Centre to be comparable. Note the 25 year LTP averages are based on extrapolation of the Long-Term Plan.

When compared to the combined opex budgets included in the 2015-25 Long Term Plan the final business case is similar to the LTP budgets over 10 years (average per annum of $4.6m in the FBC compared to $4.4m in the LTP), but significantly less when compared to extrapolated budgets over 25 years (average per annum of $3.6m in the FBC compared to $5.9m in the LTP).

This is because the building ownership costs of interest and depreciation are not subject to CPI and in the current interest rate market are not projected to rise significantly, therefore those costs reduce over time as the debt burden is reduced. The lease costs included in the extrapolated LTP budgets were subject to annual CPI increases.

2.5.4. Benefit Cost Ratio (BCR)

The proposal represents a strong economic return on WCC's investment in the city at 4.8, or $4.80 for every dollar invested in the project, over 25 years. Over the 25-year museum lease term and using an 8% discount rate, additional GDP is estimated at an NPV of $422 million including the construction phase. Over the same period the NPV of costs are $87.5 million.

Benefit Cost Ratio	Aug-16 FBC	Dec-15 IBC
Costs:	**$m**	**$m**
NPV of 25 year cost to city	87.5	76.3
Economic Benefits (incl construction phase):	**GDP $m**	**GDP $m**
Wellington operational GDP value add (per annum)	37.5	37.5
Wellington construction GDP value add (one-off)	43.6	35.7
NPV of 25 year GDP value add	422.0	441.5
Investment Returns:	**Ratio:1**	**Ratio:1**
Wellington benefit to cost ratio	4.8	5.8

The final BCR of 4.8 is reduced from the Dec-15 IBC BCR of 5.8 due to the increase in project costs, and the later opening date delaying the timing of when economic benefits are received. The final BCR at 4.8 remains a strong outcome for the proposal.

3. The Proposal

Key points:

- The proposal is to build a purpose built movie museum and a convention centre in one building development on a site opposite Te Papa (50-70 Cable Street and 197-221 Wakefield Street).
- The museum will focus on films associated with Sir Peter Jackson and Sir Richard Taylor, together with exhibits from their extensive collection of film memorabilia and will be based on the lower two floors of the development, covering a total gross floor area of 10,008 sqm.
- The convention centre will be on the third and top floor of the building covering 5,411 sqm and be able to host full format multi-day conferences of up to 1,000 people, banquets of up to 1,180 people and up to 1,930 people in theatre style seating.
- WCC will deliver the project under a design/build/own model, taking on the construction and cost risks. The estimated cost of the project (including the land already purchased) is $150 million (up from the $134.4 million in the Dec-15 IBC).
- WCC will engage Willis Bond as the development managers, and subject to meeting certain value for money requirements, LT McGuinness (LTM) as the construction contractor for the development. This decision has allowed significant benefits in the master planning and design stages of the project and provides a high degree of cost certainty over the project due to their early involvement.
- WCC will lease the Movie Museum to TMML on a 25 year term. TMML will be responsible for operating and managing the facility and will fund the initial [redacted] and on-going fit-out and operational costs of the museum.
- WREDA (PWV) are proposed to operate the Convention Centre on behalf of WCC. All costs and revenues are for the account of Council.
- The proposed combination of a convention centre and movie museum is a unique value proposition for WCC to deliver multiple outcomes. The co-location arrangement will present synergistic benefits to both facilities.
- The museum's proximity to Te Papa should benefit both attractions by providing a 'cluster' effect, and allow joint hosting for larger convention events.

3.1. Proposal outline

This business case pertains to the development of a movie museum co-located with a convention centre, utilising a site fronting Cable Street directly opposite Te Papa, and Wakefield Street. WCC purchased the site for $21.5 million following Counci's 8th December 2015 decision to support the proposal in principle, subject to community consultation, a unconditional agreement from TMML, and this final business case.

This decision followed a master planning process that was undertaken with Willis Bond, Studio Pacific Architecture (Studio Pacfic) and LTM on the preferred site identified three viable options:

- A multi story development where the convention centre sits on the top floor of the development with a movie museum occupying the ground and first floors.
- A stand-alone, single level convention centre covering all of the site.

- A split-site development where the convention centre spans two floors on part of the site, leaving the other part of the site free for a hotel or other private commercial development.

The preferred option is the proposed combined convention centre and movie museum option.

3.1.1. Key components of the proposal

- WCC has purchased two parcels of land for $21.5 million (comprising 50-70 Cable Street and 197-220 Wakefield Street) which was funded by borrowings.
  - This has secured the land for this project. If for any reason no development proceeds, the Council can decide on what they do with the land (retain or sell). The net holding costs for the land are minimal due to the current lease income largely offsetting the ownership costs.
- WCC will fund the construction project of $123.5 million through additional borrowings.
  - This allows WCC's superior borrowing terms to reduce the overall cost of the project when compared to a PPP lease arrangement.
- WCC will engage Willis Bond as the Development Manager. [redacted]

  Should the project be approved, WCC will award a construction contract to LTM as the lead builder, subject to meeting vfm conditions. Studio Pacific have been advancing the concept drawings into more detailed designs including options for the exterior façade design.
  - The early engagement of key contractors allows their involvement through the early design stages ensuring the right expertise is involved at the right times ensuring buildability, value for money, practical delivery and cost saving considerations to be incorporated in the designs and project planning.
  - This also enables the significant intellectual property Willis Bond, Studio Pacific and LTM have gained through the master planning process to be carried through to the project delivery. We have already been able to achieve significant value engineering savings through the design stages having our development managers and builders working collaboratively with the designers on the project.
  - All parties are well respected in the development and construction industry, and are Wellington based. These appointments have been made after consideration of the key areas of risk management, certainty of completion and quality of delivery as well as the ensuring value for money through the project.
- WCC will lease the lower two floors of the development to TMML for a term of 25 years [redacted].
  - [redacted].
  - [redacted].
- TMML will fund the exhibition and museum fit out [redacted] all on-going fit-out requirements and all operational costs of the museum.
  - WCC will not have any risk or exsposure to the operations of the Movie Musuem, except to the level of our rental income [redacted].
- WCC to appoint WREDA (PWV) as the operator of the convention centre
  - This provides WCC full control over the facility operator, allowing flexibility and greater ability to monitor and manage financial performance and delivery of economic outcomes for the city.

  - It also allows co-ordination of events across WCC's network of venues and leverages off the existing operating and overhead structure.

- Operating surpluses (and losses) of the Convention Centre will flow back to WCC under a management agreement.
  - This ensures that over time the costs of the building are offset as much as possible by operational performance of the facility.
- Convention Centre fitout of $5 million will be funded by WCC through borrowings, but owned and managed by the operator with a reserve fund being created out of convention centre revenues for all renewals.
  - This allows WCC's superior borrowing terms to be used to purchase FF&E, but passes the responsibility for maintenance and renewal of this fundamental element of the facility's operation to the operator, who is best placed to respond to the FF&E needs of the Convention Centre.
- WCC as owner of the land and buildings will be charged the WCC and GWRC rates on the property, and will incur the normal property ownership costs including insurance, financing, depreciation and building renewal costs.
- Construction and operating risks rest with WCC, however are mitigated by the appointment of Willis Bond as development manager ([redacted]), LTM as the construction contractor (subject to meeting vfm conditions), and WREDA as operator who are now all working as one project team on the design elements of the project.

3.1.2. Advantages of co-location of the convention centre and movie museum

Under this proposal the Movie Museum will generally occupy the first two floors and the Convention Centre the top (third) floor. While being located on the same site, the Convention Centre and Movie Museum will be distinct and separate legal entities with independent management teams, providing unique opportunities to leverage off each other.

There are a number of financial and non-financial advantages of this concept of co-location – these are detailed below.

Overall benefit	Detail
Shared costs of development and service infrastructure	• The primary cost saving achieved from co-location is the cost of land, which is significant given the prime location of the site. • A shared location also makes efficient use of a prime central city site, when alternative options are limited. • Shared service infrastructure such as goods lifts, loading docks, generators and air conditioning units also allow for savings through economics of scale in this area. • There is no need to invest in additional event space at the Movie Museum as this can be provided via the Convention Centre.
Unique market offering	• The combination of a movie museum and purpose built modern convention centre is a unique offering to convention delegates. • As such this proposal provides a point of difference compared to the more usual model of a stand-alone museum or hotel based convention centre, as being developed in Auckland and Christchurch.
Opportunities for leverage and cross-selling	• While the movie museum and convention centre will be separate entities, there will be opportunities for cross-selling and marketing into both customer bases – particularly for the Movie Museum. • The Convention Centre would be available to the Movie Museum with a range of valuable offerings including: theatre showings, space for temporary exhibitions, gala events and associated conferences. • The Convention Centre may benefit from the high profile of the museum,

Overall benefit	Detail
	eg through private viewings for multi-day events. • Both venues will benefit from cross-facility advertising and marketing opportunities.
Prime tourist location	• Directly opposite Te Papa and the waterfront, the proposed location is in the heart of Wellington's tourist zone, making the Cable/Wakefield street site among the most prime undeveloped sites remaining in central Wellington. A co-location arrangement means both the Convention Centre and Movie Museum can capitalise on the commercial advantages of this site / location.
Operating efficiencies	• While the Movie Museum and Convention Centre will be separate entities, there will be potential opportunities for operational efficiencies from a shared site / building. These could range from joint service and maintenance contracts to shared cleaning operations and include opportunities to consider efficiencies that would be gained by sharing back-office, administrative and other functions.
Urban regeneration	• This area of the city has large areas of low quality development. A dual-purpose convention / movie museum development will contribute strongly to regeneration of this area and attract a diverse range of visitors (conference attendees and tourists) and new businesses. • Surrounding areas are already being developed and with the visitor demand driven from this project, there will be interest and opportunity for hotel and other development in nearby sites.
Dual contribution to WCCs growth strategy	• Development of a Convention Centre and Movie Museum will contribute significantly to two of WCCs "Eight Big Ideas". • Combined demand drivers will stimulate secondary investment in Wellington in the form of new hotels, hospitality businesses and supporting service industry businesses. This secondary investment will both add value to WCC's rating base, but also increase employment in Wellington.
Experience Economy	• Society is demanding more than high quality goods and servies, theye is now a strong demand for unique and high quality experiences. • This project will add to Wellington's visitor experience and will ensure the quality of experience offered to visitors and conference delegates is unrivalled elsewhere in the southern hemisphere, if not the world.

3.2. Parties, Ownership and Structure

The primary parties involved with the proposed development are:

- ***Wellington City Council (WCC)***
  WCC has purchased the land and will build and own the building facility. It will also fund the early operational set up costs and any losses of the Convention Centre, but will receive all future operational surpluses of the Convention Centre and the lease income from TMM.

- ***The Movie Museum Limited (TMML)***
  TMML is a limited liabilty company owned by Sir Peter Jackson, Sir Richard Taylor, Fran Walsh and Tania Rodger. This company will lease space on the first two floors of the building development from WCC for the Movie Museum, fit out the Movie Museum at their own cost, and operate the Movie Museum taking all risk and reward.

- ***Wellington Regional Economic Development Agency (WREDA)***
  WREDA will provide the ongoing management infrastructure for the Convention Centre under what was Positively Wellington Venues (PWV). They will be able to include this facility in their

portfolio of venues to offer customers and have price-points to meet all event organiser needs. WREDA have been involved from the concept stage of the project, and have been involved in bringing the concept designs to more detailed design stage, and reviewing event projections, operating revenue and costs.

- ***Willis Bond and Company Ltd (Willis Bond)***
  Willis Bond will be engaged to project manage the development. They will provide knowledge and expertise, and will be incentivised to manage the development risk from a cost, time and quality perspective.

  Wills Bond have been deeply involved in the materplanning process and more detailed design process to date which has included bringing concept designs to detailed designs, building performance specifications and construction costings to be completed. The knowledge that has been built through this collaborative process is invaluable from a time, cost and risk perspective.

- ***LT McGuinness (LTM)***
  LTM have also been involved in the early master planning process and costing for the project. They have been integral to ensuring the buildability of the project and the value engineering of the more detailed designs. Their knowledge and expertise has been invaluable during this process from a time, cost and risk perspective.

  LTM will only be awarded a construction contract if the project is approved and they meet certain value for money requirements, and will sub-contract a significant portion (estimated to be around 70%) of the work to the local trades market.

- ***Studio Pacific Architecture (Studio Pacific)***
  Studio Pacific have been engaged in the project since concept stage. They have progressed the concept designs to a more detailed design stage, and also incorporated external façade designs which have been peer reviewed by an external design panel.

  Studio Pacific will have [redacted] in the final design process, but have been integral to this point and have the trust and confidence of all parties involved, including TMML.

3.3. Building scale

3.3.1. Floor Plans

The latest designs for the development as included in Appendix F show that the total area of the proposed development will be around 19,397 sqm. This is an increase in the floor area of building compared to the Dec-15 IBC and can broadly broken down as follows:

Component (sqm)	Dec-15 IBC	Aug-16 FBC	Change
Movie Museum	9,521	**10,008**	583
Convention Centre	5,285	**5,411**	126
Shared Space & Plant	1,905	**3,890**	1,889
Retail space	-	**88**	88
Total	**16,711**	**19,397**	**2,686**

The Movie Museum will dominate the building in terms of use of space. Following feedback received during the consultation and previous convention centre project significant effort has gone into

improving the connectivity between Wakefield and Cable Streets. The latest designs achieve this through the introduction of a service laneway, significant public space on the ground floor where there is also a publically accessable café, the introduction of retail spaces and access through the centre from Wakefield Street to Cable Streets.

The Convention Centre will deliver a multi-functional and multi-purpose exhibition/conference/ convention/banquet space. The convention lobby and registration space is located on the ground floor, with the main convention space located on the top floor with access from Cable Street, Wakefield Street and the connecting laneway. The back of house (BOH) deliveries & loading zone is accessed via a two-car width laneway connecting Wakefield and Cable Streets.

The Convention Centre will be dominated by a "flat floor" space of 1,543 sqm sub dividable into up to six individual function spaces of varying sizes. Two additional meeting rooms are located off the exhibition space and will be available for breakouts and smaller meetings.

The main exhibition hall is 1,574 sqm adjacent to the event space which is highly desireable from an event delivery and sponsors point of view. Temporary dividing structures can be used to divide this space and allow for concurrent smaller events when necessary. BOH and bathrooms make up the balance of the Convention Centre floor area.

The convention space has a minimum six and a half metre stud height and break out area fronting the whole site with views to Te Papa and back towards the city.

The floor layout is based on a single floor plate that can be divided in multiple configurations creating flexibility to host a range of different event types as shown in section 3.3.2. Maximising flexibility, serviceability and capability of the spaces has been a key consideration of the design goup.

Overall the concept design delivers a balanced convention centre with less compromise and more opportunity when compared to the previous concept schemes. We expect further design improvements during the next phase of detailed design. The table below outlines the different sizes of the proposed areas.

Convention Centre Floor Area Schedule

Area	Area (sqm)
Lobby	363
Plenary Room (subdividable to 6 smaller spaces)	1,543
Breakout meeting rooms (117m^2 + 45m^2)	162
Exhibition Hall	1,574
Terrace	161
Sub total - Public space	**3,803**
Bathrooms	133
Back of house (including kitchen)	993
Escalators and lifts	482
Total Convention Centre Area	**5,411**

The centre can be configured in multiple layouts to cater for a range of events

Note the designs are still evolving and some of these spaces will continue to evolve through detailed design.

3.3.2. Convention Centre Functionality and Capacity

The design of the facility will maximise the flexibility of the main 1,543 sqm space. It will be able to be broken down and used for multiple concurrent events, or as con-current spaces for a single event.

The table below outlines the proposed capacity of each space using the different seating and event options:

Proposed convention centre venue capacity

Convention Centre	Area (m2)	Banquet Round Tables (10 pax/table)	Theatre style (pax)	Workshop Round Tables (6 pax/table)
Exhibition	1,574	1,200	-	-
Plenary Room 1	491	380	610	230
Plenary Room 2	292	220	370	130
Plenary Room 3	292	220	370	130
Plenary Room 4 (Meeting Rooms A, B, C)	468	360	590	220
Meeting Room D	117	90	150	50
Meeting Room E	45	n/a	50	n/a
Configurations:				
1,2,3,4	1,543	1,180	1,930	710
1,2,3	1,075	820	1,340	490
1,2	783	600	980	360
A	150	100	180	60
B	160	100	180	60
C	158	100	180	60
A+B	310	200	360	120
A+B+C	468	360	590	220

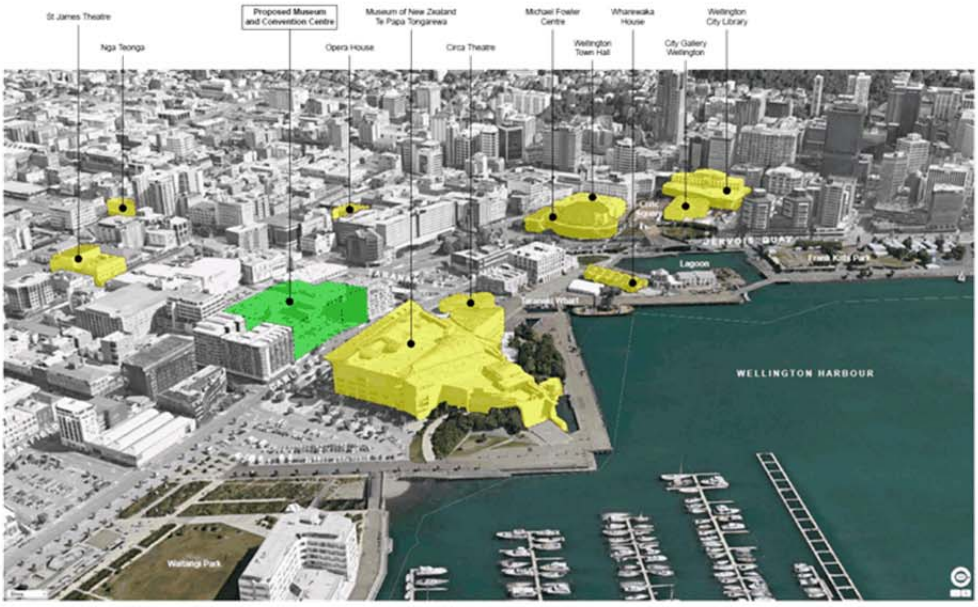
The centre will be able to host banquets of up to 1,180 pax and seat up to 1,930 in a theatre style using all of the main area. The capacity for a full format conference featuring a trade exhibition, break out spaces, and food and beverage space requirements would be up to 1,000 and under certain parameters the use of Te Papa or another WREDA venue for additional breakout space would increase opportunities for larger meeting requirements[1]. It has always been anticipated that we would work in with Te Papa and other venues where additional space is a requirement of a customer, or to cater for even larger events, and that spaces would be reset for different uses during breaks (eg plenary during day converted to banquet space for the evening).

Horwath HTL have analysed the "sweet spot" for the facility to be 800 delegates for a full format, multi-day conference with no compromises to the customer in the facility. This is where the bulk of the convention market is and the centre has been designed to cater for this and leverage off Te Papa when the smaller number of large events require more space, rather than build for that low use capacity. As event size grows, some compromises would be required around number of exhibitors and onsite breakout spaces.

[1] Horwath HTL completed an assessment of the space and tested this with a reconginised professional conference organiser.

3.4. The location

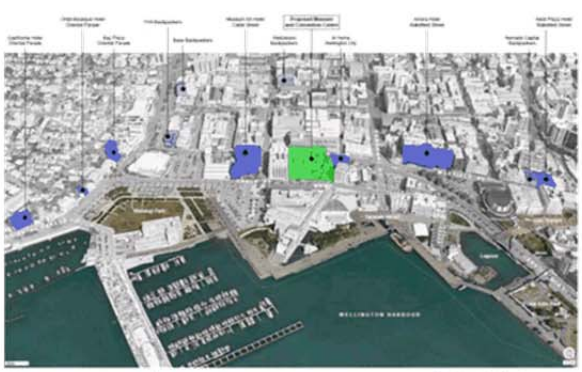
The site for the Movie Museum and convention centre was purchased by WCC for $21.5 million to secure its use for this project following Council's decision on 8th December 2015. It is in the heart of Wellington's Cultural precinct opposite Te Papa encompassing 50-70 Cable Street and 197-221 Wakefield Streets and shown in green on the map below:



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Neighbouring Culture

The site is close to a range of hotels and accommodation options, and also to many of Wellington's restaurants, bars and hospitality areas:



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Neighbouring Hotels



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Neighbouring Food & Beverage

It is also near some of Wellington's most recent and potential development projects:

Recent Developments:	Potential Future Developments:
• 1 Market Lane	• MFC Carpark
• Clyde Quay Wharf	• Reading Carpark
• Elevate Apartments	• Manthell Building (underway)
• Portal Apartments	• Cnr Cable and Chaffers St
• Peirmont Apartments	

3.4.1. Site attributes

Location Attributes

- The ability for the Convention Centre / Movie Museum to partner with Te Papa in the delivery of some large events.
- The opportunity to attract visitors from Te Papa, and more generally to create a cluster development of tourism / visitor attractions.
- Ease of access to Wellington's waterfront for spectacular views and a vibrant atmosphere.
- Ease of access to some of Wellington's best restaurant and bars.
- Close proximity to Collider Tech Hub
- Excellent public transport connections and parking in the vicinity
- Ease of access to retail and shopping experiences.
- Close proximity to Wellington's CBD and 15 minutes from the airport.

Physical Attributes:

- It will be the only convention centre combined with a movie museum in New Zealand, and the world.
- There will be improved connection of the site to the waterfront and with good urban design an extension of Te Papa's space.
- The Movie Museum will:
    - be purpose built and offer both permanent and temporary exhibitions that will be updated and refreshed.
    - generally cover the first two levels of the building (plus two mezzanines), will be sizeable and custom built.
    - have a dedicated retail store and café on the ground floor, which will be open to the general public.
- The Convention Centre will boast:
    - a single span, flexible flat floor space of 1,543 m^2
    - adjacent 1,574 single span exhibition hall
    - a minimum 6.5 meter stud height
    - modern design and fit out
    - elevated views across to the waterfront and CBD

3.5. Design

The development of a Convention Centre and Movie Museum will become a major new civic and cultural architectural statement in the city. It will be a major milestone in the rejuvenation of this area.

3.5.1. Design outcomes

Preliminary designs have been completed by Studio Pacific and whilst we are still in an ongoing design phase, the current proposal is that the building will:

- Be built to 130 percent of the National Building Standards
- Achieve excellence in accessibility (platinum standard)
- Follow Greenstar sustainable building principles
- Be built to attain ISO 14001 accreditation (international standards that relate to environmental management)

3.5.2. Unique Location

As discussed, the site has a unique location that strongly connects to Wellington's award winning waterfront and the country's largest visitor attraction – Te Papa. It sits between Cable and Wakefield Streets, two one way streets that are part of the city's waterfront route.

To the north these two routes combine into the 'Quays' made up of Jervois, Customhouse, Waterloo and Aotea Quays – or as it is referenced – the 'waterfront boulevard'. The successful 'Greening the Quays' project has enhanced this part of the waterfront, and improved the connection between waterfront and city.

However there has been no enhancement of Cable and Wakefield Streets. The city blocks between these two streets are important in connecting the waterfront through to Te Aro and in particular the Courtenay Place area. The land was originally reclaimed for semi industrial and other uses such as being the terminus for the railway line at the then Te Aro Station, the site of which is partly on the proposed Convention Centre and Movie Museum site and partly on the neighbouring Piermont and Monument Apartments' site.

Over the last 25 years development has only occurred very slowly between these two streets, yet the entrance to Wellington along the Quays brings you directly to this location.

3.5.3. The building

The flexible convention centre sits above the multi-level museum and commands views across Waitangi Park, the inner harbour and the hills beyond.

The museum houses a vast array of precious film related objects and follows the journey of the Lord of the Rings and Hobbit movies through intricately detailed film sets providing an extraordinary world class visitor experience.

A generous double height foyer is befitting of a building of this stature and connects the Convention Centre and Movie Museum. The design of the building sits both within the street wall pattern of neighbouring buildings while making its own architectural statement worthy of its civic nature.

3.5.4. Façade design options

Two different designs have been considered, as to the external elevational treatment or façade.

- Option A is a base-line design with a modern design – the **"baseline design"**. The design is simple and based on a rational modernist aesthetic. This architecture has its roots in the modernist school – which has its antecedence in the 1920-30's and is recognised world-wide in a range of different building types. It could however be a building anywhere in the world and will lack any differentiation in archtechtural design merit. Option A will cost $140 million to build based on the latest designs and leaving a reasonable cost contingency.

- Option B has been designed in a more sculptural form and will provide an architectural statement and 'wow' factor to the building – the **"aspirational design"**. It cleverly cloaks both the Convention Centre and Movie Museum uses and draws on a stronger Wellington concept. It is inspired from a wide range of sources including its maritime location. It picks up the city's dramatic landform and wild weather patterns. It also draws on Māori mythology, in particular Maui's head of the fish, 'te Upoko o te ika'. This design will be unique and not like any other building façade in the world and will become interchangeable with the city's identity and entwined in the city's urban fabric. Option B will cost $150 million to build based on the latest designs and leaving a reasonable cost contingency.

Architecture becomes a key statement that helps advertise and advocate the building and its uses. It is a statement of a city, its decision makers and its future heritage. The Sydney Opera House and the Guggenheim in Bilbao, Spain are often examples sited of buildings that strongly connect to their cities and are instantly recognisable and interchangeable. The aspirational façade design (Option B) has the potential to become recognisable as "Wellington" in the same way.

Council has an opportunity that has not presented itself since Te Papa was built to make a landmark statement to Wellington's urban form and international recognition. Option B is preferred because the qualities of the architectural design make more of an aspirational statement that can be used to sell the Wellington brand and will be something its current and future citizens can be proud of. It will be eye-catching for those that are making decisions as to which city to hold their conventions. It is a unique proposition that draws on the Wellington character and will add to Wellington's competitive advantage and attraction as a visitor destination. It is these aspects that form the basis of the business case and having a façade design that embodies the outcomes trying to be achieved by the development is important for its success.

Our project partners TMML have reviewed the façade designs and we agree the opportunity to have façade Option B would significantly enhance the development and the ability to meet project outcomes for all parties.

WCC has not been involved in a new Council designed and owned building for a significant period and the opportunity to make this building a significant statement for Wellington should not be missed, as it may be another 50 years before another opportunity to define Wellington's urban landscape arises. **Option B is therefore recommended and forms the basis for this Final Business Case.**

3.5.5. Urban design

The redevelopment is a catalyst to improve the urban design in this area. There are three aspects:

- An improvement in quality of the public realm
- A strong and active building edge along both Cable and Wakefield Streets
- An improvement of connections across the site linking the waterfront, through to Te Aro and the Courtenay Place area

As noted both Cable and Wakefield are one way streets. One way streets are effective ways to move traffic and tend to allow traffic to move at a faster rate. This detracts from the pedestrian experience and makes crossing the street more difficult. In the longer term, as part of the State Highway 1 improvements to the south, it is proposed to reduce traffic on the Quays, Cable and Wakefield Streets. The ideal would be to have both streets two-way. There is the opportunity to improve the amenity of both streets, in particular Cable Street connecting more into the waterfront public realm.

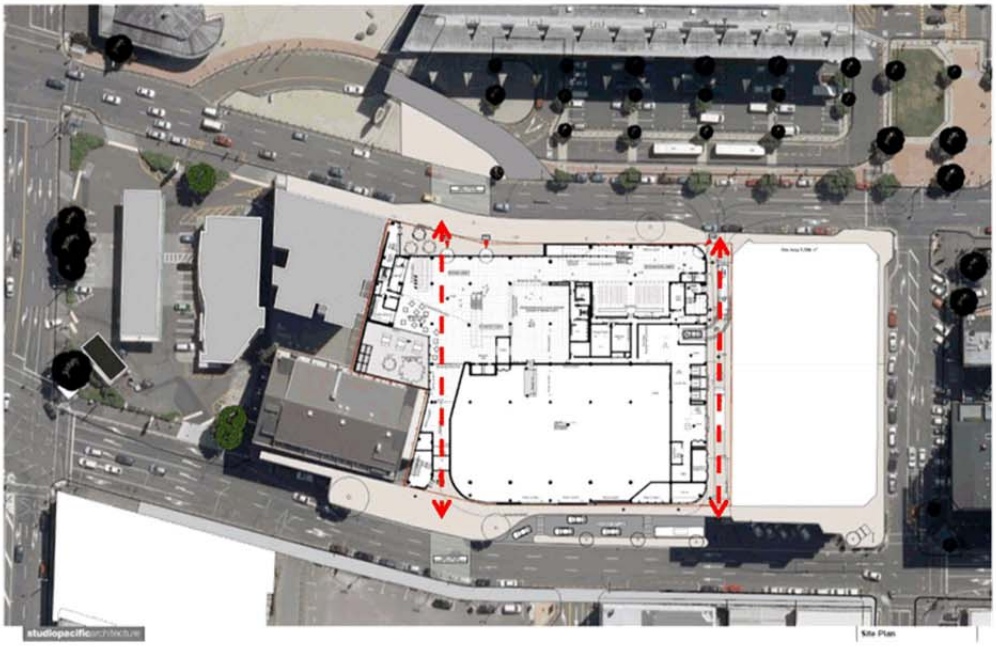
The connection across Cable Street to the waterfront and Te Papa is critical. The short term solution will be an at-grade signalised crossing between Te Papa and the Convention Centre and Movie Museum. Connectivity to Wakefield St has also been considered in the building designs, and in particular the ground floor where improved public connectivity has now been considered in the designs.

Building development along the southern edge of Cable Street provides for a strong edge facing the waterfront, and the Convention Centre and Movie Museum will provide that strong active edge to the waterfront.

The building will enhance the connections between the waterfront and Te Aro. There are two cross site links – one along a shared surface laneway, that will generally be open 24/7 between Cable and Wakefield Street. As well as providing the servicing to the building, this laneway which is generous in width, will build on the laneway upgrade precedent from other city laneways. The architecture of the building edge and public art will make this laneway a pedestrian friendly environment.

As well, there is a through building link that will be open to the public during normal operating hours, which connects Cable Street through a generous public foyer past the café and Movie Museum shop on the ground floor before exiting onto Wakefield Street. Effectively the development will have a front door on each street and this addresses previous street linkage concerns.

The urban planning will also create more paving space outside the building for pedestrian congregation and create safe areas where parking spaces used to exist. The follow image indicates the connectivity and urban planning being considered at this stage of design:



This final business assumes that the Council's Urban Planning and Transport Management teams will deliver the public amenity aspects of the design and complementary work that the Council will need to undertake in association with the Proposal to ensure good traffic and pedestrian flows to the Waterfront and Courtenay precincts, within existing Council budgets

In the future, there is potential to create a 'boulevard' between Te Papa and proposed development, effectively an extension of the waterfront/Te Papa plaza – these changes are not immediately considered within this final business case and are envisaged as opportunities in the future.

3.5.6. Design evolution

A good design process is forever evolving as it needs to be tested against aesthetic opportunities, buildability and maintenance and financial constraints. Studio Pacific have tested a large range of internal and external solutions. Given the importance of the building, the design has been reviewed by an independent design review group and the design will further be peer reviewed.

Taken into consideration is the design feedback through the public consultation and the urban considerations noted above. The design has progressed to a point we can take confidence that the recommended designs can be delivered within the proposed budget, which has been based on LTM costings.

The designs have also been approved by TMML.

The design considered in this business case will further evolve through the final detailed design process.

4. Strategic case

The strategic case includes detail of the proposal and with reference to supporting strategies, developments and plans, confirms the strategic context for the investment proposal.

Key points:

- The proposed Movie Museum and Convention Centre complex aligns closely with WCCs growth strategy by fulfilling two of the council's "Eight Big Ideas", and provides a unique offering to the market place unequalled anywhere in NZ, or possibly the world.
- Both projects were included in the 2015-25 Long Term Plan.
- The competitive landscape is favourable for the Movie Museum as there are no directly comparable tourists attractions in Wellington or New Zealand, and cultural tourism is on the rise.
- The presence of TMML and the existing infrastructure that has been established in Miramar results in Wellington being the natural location for a movie museum.
- The Movie Museum is expected to generate: increased visitor numbers and expenditure in Wellington, job creation and increased commercial activity, cementing Wellington's image as the film capital of New Zealand, generating secondary investment as a response to growth, and improving the liveability of Wellington city.
- By building the basket of Wellington attractions there is the potential to move Wellington from a 'maybe' to a 'must-visit' destination for visitors, and ensuring Wellington receives the economic benefit from NZ's growing tourism sector.
- MICE activity in Wellington generates $146m in expenditure delivering $76m in GDP to Wellington's economy and provides employment for over 1,000 FTE's.
- There is a strong growth trend in international conferencing market which is projected to continue, however NZ has underperformed in comparison and the Crown is investing heavily in this space
- Wellington's share of the events market could decline by up to 17% if expected convention centre developments in Auckland, Christchurch and Queenstown proceed.
- Wellington has aging convention facilities that are limited in size, functionality and often availability due to their multi-purpose functions – they are not up to the standard required to host larger international conferencing business in the market place for the next 25 years.

4.1. The need for a movie museum and convention centre

The need for a movie museum and convention centre are covered in depth in the December 2015 indicative business cases, and recapped here. Both projects were conceived as key economic stimulus projects as part of Wellington's Economic Growth Agenda, Big 8 Ideas and are included in our 2015-25 Long Term Plan. Both projects received strong support during the consultation process, and through the Long Term Plan process.

One is aimed at ensuring Wellington's presence in the business events or MICE[2] market is protected and grows to its potential. And the other is aimed at celebrating Wellington's success in the film industry through providing a world class indoor tourist attraction and lifting Wellington's profile as a tourist destination in New Zealand's fastest growing export sector. Without another significant tourism

[2] Business Meetings, Incentives, Conferences and Events are collectively referred to as the "MICE" market

product Wellington may well miss out on the tourism boom our counrty is experiencing, and the economic benefits and businss opportunities this provides our residents.

This project combines both of these projects into one single site and one single build for maximum impact and maximum efficiency in delivery. It allows for better use of scarce downtown land, and provides visitors, particularly to the Convention Centre, with a unique offering and experience unable to be replicated at other convention venues.

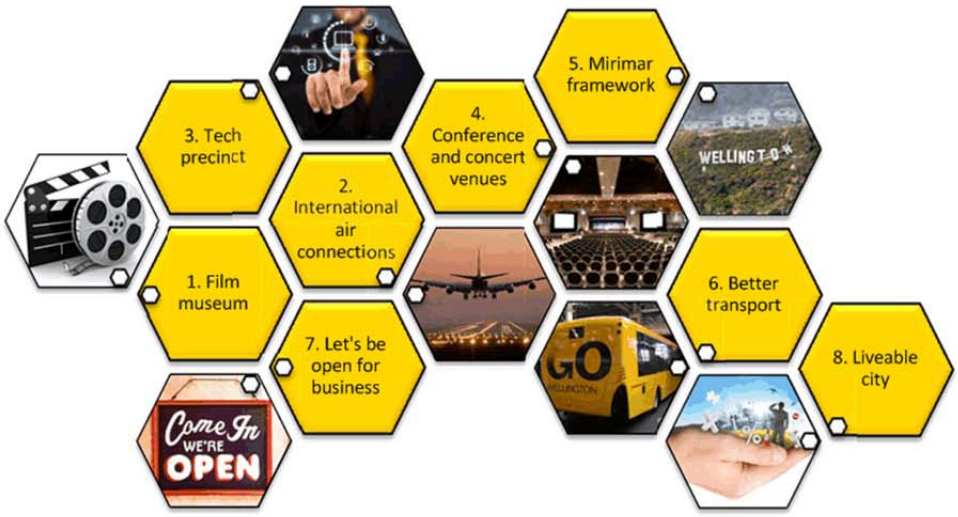
4.2. Strategic objectives

4.2.1. Strategic objectives of Wellington City Council

As set out in WCC's Economic Development Strategy, there is an urgent need for the Council to focus on economic development priorities that will deliver long-term, sustainable growth. The strategy recognises the need to respond to challenges that are arising globally and nationally, including the increasing levels of public investment in Christchurch and Auckland.

One of the priority areas for WCC is to market Wellington as a destination, not just for tourism activity, but as a city that attracts talent, business and investment. Through this, and the strategy's other areas of focus, the Council seeks to drive income and productivity, create jobs, grow knowledge-intensive exports, support innovation and deliver 'smart' infrastructure. To help deliver on these economic outcomes, WCC is progressing "Eight Big Ideas" (illustrated below) that aim to boost the local economy and make it more diverse.

The illustration overleaf provides a pictorial representation of the Council's "Eight Big Ideas".



Idea 1 relates to developing a movie museum, recognising that the film industry has become a vital part of the Wellington's identity and economy - attracting visitors, creating jobs and bringing wealth to the city. A film museum would celebrate the contribution Wellington's film sector has made to the country's economy and reputation and be a high-quality tourist attraction in the central city.

Idea 4 relates to conference and concert venues, recognising the benefits that activities in these facilities can bring for the city. Conference venues enable the city to host a range of business events, such as meetings, incentives, conventions and exhibitions. WCC previously endorsed a convention centre proposed for this site.

Both the proposed Movie Museum and Convention Centre support and contribute to the Council's economic development agenda and growth strategy.

WCC's core strategic objectives for the Movie Museum are as follows:

- **Increase international visitor numbers and spend** – an estimated 593,446 international tourists visited Wellington in the year ended June 2015[3]. International tourist expenditure within Wellington for the year ended March 2014 was $440 million[4]. Increasing international visitor numbers and spend will contribute positively to Wellington's economy.
- **Increase domestic visitor numbers and spend** – domestic tourism expenditure in Wellington totalled $1.3 billion for the year ended March 2014[5]. 1.7 million nights were spent by domestic visitors in short-term Wellington commercial accommodation in the year ended July 2015. 41% of domestic visitors come to Wellington to visit family and friends, 28% on holiday and 28% on business[6]. Increasing domestic visitor numbers and spend will contribute positively to Wellington's economy.
- **Gain leverage from the Convention Centre** – the Movie Museum is likely to obtain significant leverage from the Convention Centre; studies in Australia have found that close to 60% of delegates visiting cities as convention delegates indicated that they would return as tourists.[7]
- **Profile Wellington's film industry** – as the film industry is a vital part of Wellington's identity and economy, a movie museum would help to profile and further capitalise on the success of the industry, particularly WetaWorkshops, Weta Digital and Park Road Post Production etc.
- **Job creation** – 200 direct jobs and 58 indirect and induced jobs would be created as a consequence of the Movie Museum's operation
- **Increasing liveability** – tourism attractions bring a diverse range of people to the city and contribute to Wellington's international connectedness. Visitor activity financially supports a range of recreational utilities, such as shops and restaurant precincts, thus making the city a more attract place to live, work and invest.

> *"Wellington has a strong reputation for culture and nightlife, but a lack of attractions to increase lenth of stay, or capture visitors currently bypassing it. There is also clear demand for movie related experience"*
>
> **New Zealand Tourism Industry Association**

WCC's core strategic objectives for the Convention Centre are as follows:

- **delegate spend** - domestic delegates stayed an average of 2.9 nights in the event region spending on average $483 per night, while international attendees stayed an average of 6.5 nights in New Zealand (4.5 in the region hosting the convention) spending an average of $304 per night. The international delegate spend of $304 per night is almost double the average per night spend for all international visitors according to the International Visitor Survey (IVS).[8]
- **guest spend** - in addition to the revenue generated from the spending of conference delegates, there is also revenue from guests of attendees. It has been estimated that between 15% and 30% of conference attendees in various locations across Australia bring additional guests, and they suggest that an additional 20% of expenditure is generated by these guests.[9]
- **job creation** – 226 direct jobs and 84 indirect and induced jobs would be created, and protected, as a consequence of the Movie Museum's operation.
- **smoothing tourism seasonality** - international conventions in New Zealand are typically held between April and November. This timing offsets the peak tourism period, creating a much larger window for visitors to New Zealand.

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3 Statistics New Zealand. (June 2015). *International Visitor Survey.*

4 Ibid.

5 TRC. (October 2015). *Proposed Wellington Movie Museum: Preliminary Economic Impact Analysis.*

6 Statistics New Zealand. (July 2015). *Commercial Accommodation Monitor, Wellington.*

7 Melbourne Convention and Visitors Bureau. (December 2007). *Melbourne Convention Delegate Study.*

8 Ministry of Business, Innovation and Employment, *Convention Delegate Survey Report, Year to December 2014.*

9 Weber, K; Chon, K.S.. (2002). *Convention Tourism: International Research and Industry Perspectives.* Published by Routledge.

- **creating future tourists** – studies in Australia have found that close to 60% of delegates visiting cities as convention delegates indicated that they would return as tourists.[10]
- **business growth –** MICE activity helps grow Wellington businesses by creating international links, promoting innovation and development and facilitating knowledge transfer
- **increasing liveability** – business events bring a diverse range of people to the city and contribute to Wellington's international connectedness. Visitor activity financially supports a range of recreational utilities, such as museums and restaurant precincts, making the city a more attract place to live, work and invest.

Having both facilities together creates a unique opportunity to enhance both facilities and enhance Wellington's reputation of providing visitors with a great experience, not just high quality facilities. Together the benefits are even greater:

- **enhanced visitation** – it is likely that convention delegates will make time to visit the movie musuem, particulary those from out of town, and that will provide a captive onsite market all year round for the movie musuem to target. The Movie Museum is the unique experience conference organisers are looking for when selecting a location for their events. It will stand Wellington apart from its competitors in the mid-sized conventions and enable a unique selling point that will likely win more business than a stand alone centre would achieve.
- **profile** – a development of this nature will raise the profile of Wellington on the world stage, and especially in the South Pacific as a conferencing destination.

Council has widely consulted on the Convention Centre and Movie Museum, and both are included within the 2015-25 LTP as a key component of the growth agenda.

4.2.2. Wellington's move to be the "experience economy"

An important component of the proposal is the link to the evolution of what's been called the Experience Economy. This trend is about how people are increasingly making decisions based upon the quality of the experience in addition to the quality of the service or good itself. While our competitors might be offering a decent conference service, Wellington has the opportunity to pitch itself as a more enticing conference and visitor experience.



The Movie Museum, in combination with the location of the Convention Centre in the heart of our cultural and entertainment precinct and so close to the waterfront is this element of "experience" that the market is increasingly looking for, and it is something that Auckland, Queenstown and Christchurch – and other cities beyond – can not have.

In a competitive market, it gives us a unique selling point. When added to our natural conferencing advantages – our compact size, our waterfront and natural scenic beauty, our capital status, our creative and vibrant lifestyle all easily accessible from the facilities – we have a strong combination.

[10] Melbourne Convention Delegate Study (December 2007), prepared by the Melbourne Convention and Visitors Bureau.

This combination of "experience" attributes will significantly enhance our ability to retain and win new conference business, particularly from the Australian market.

A summary of the strategic case is in the following table. For detailed market analysis and review, refer to the indicative business cases of 8th December 2015.

4.3. Summary Strategic benefits

The table below details the key strategic benefits of the Convention Centre and Movie Museum complex proposal.

Strategic Benefit	Benefit description
Reinforces Wellington's position as film capital of New Zealand	Through the success of LOTR and The Hobbit, and the presence of Sir Peter Jackson and Sir Richard Taylor's Wellington-based film production businesses (Weta Workshop, Weta Digital, Park Road Post Production, Wingnut Films, Stone Street Studios and Portsmouth Hire), Wellington is already New Zealand's film capital of New Zealand. Reinforcement and continued capitalisation of this position would be beneficial to Wellington strategically and economically.
Reinforces Wellington's position in New Zealand's business events market	Wellington will be able to protect the current economic benefits it enjoys from our existing business events market, and grow our market share with a new purpose-built convention facility that will be attractive to the industry.
Positive contribution to Wellington's economy	Both facilities are expected to attract a significant number of new visitors and business delegates to Wellington, which will generate direct expenditure (on venue hire and museum admission, the café and retail store – but also on other local providers of accommodation, hospitality and transport). In addition, secondary strategic and economic benefits are likely to be realised via job creation (direct and indirect) and encouragement of new business.
Closely aligned to WCCs growth strategy	Development of a co-located Convention Centre and Movie Museum fulfils two of WCCs "Eight Big Ideas". This represents significant progress toward achieving core aspects of WCCs growth strategy and delivery of Council's Long Term Plan.
Unique visitor attraction in Wellington CBD	This facility will increase the vibrancy and liveability of the Wellington CBD. There will be opportunities for cross-selling and marketing into both customer bases. The Movie Museum will be able to draw on convention delegates, and the Convention Centre will be able to offer something unique to delegates and their partners, when compared with other convention centres such as those being developed in Auckland and Christchurch.
Leveraging opportunities from each business	As well as making efficient use of scarce downtown space, the separate businesses will have opportunity to leverage off each other – primarily through accessing / attracting convention delegates but also by sharing some operational / development costs.
Enhancing Wellington's Experience Economy	This attraction will add to the great experience visitors have when they visit Wellington for business or pleasure. We will be providing conference organisers to ability to offer delegates an unrivalled experience for their conference in Wellington. It is experiences that are driving more and more decisions about where to hold events and holiday, not just a high standard

Strategic Benefit	Benefit description
	of facility.
Urban Regeneration	This project will be a catalytic investment by Council for the surrounding area. We expect secondary investment to occur on the surrounding sites to improve this area and service the needs of the higher level of visitors that will come to this site. This will be in the form of hotels, hospitality businesses, retail and other urban development and regneration.

5. Economic case

Key points:

- This proposal brings together two key visitor demand drivers that will provide year around reasons to come to Wellington. The ongoing operational economic case is based on the projections of increased visitor numbers and convention delegates, above Wellington's current visitation levels, and the new expenditure they will bring to the city as a result of this proposal.
- The ongoing economic case includes the value of the business Wellington will protect when new facilities are built (Auckland in progress and Christchurch/Queenstown proposed). This has been measured as an 8% loss in delegate days, within a range of 4%-17% of lost business.
- There are significant one-off economic benefits during the constuction phase of the project which will generate $134m in total expenditure, $44m in GDP and 540 new jobs for Wellington during the two-year construction phase.
- There are also significant one-off benefits from the Movie Musuem fit out build which will predominantly use local craftsman and expertise. This has not been assessed in this business case.
- The proposal is forecast to provide an additional $4.80 of GDP benefits to Wellington for every $1 invested, including constuction impacts.
- Key impacts for the Movie Museum are:
    - Generation of an additional $16 million in direct visitor spend in Wellington every year.
    - This has an estimated total GDP impact including indirect and induced benefits for Wellington of $14.4 million, and 258 jobs.
- Key impacts for the Convention Centre are:
    - new economic benefit through 67 new events which will deliver 62,450 new delegate days to Wellington (approximately 9% growth)
    - protection of 8% of our existing market share of delegate days
    - The net economic impact (combined 8% do nothing impact, and the growth impact) is $44m in total expenditure, $23m in GDP for Wellington and 310 jobs.
- It is also expected that secondary investment in hotels, restaurants, bars, retail and supporting businesses will occur due to the increased demand for accommodation and hospitality in Wellington. This will have a positive effect especially on the regeneration of the nearby precinct and grow the Council rating base.
- Associated economic impacts will arise from the ability to support our business sector through hosting their premier industry events in Wellington, these have not been quantified.

5.1. Introduction

This section covers the economic case, which was covered in depth in the indicative business cases and is therefore only summarised in this FBC.

The economic case for the proposal compares the proposed development in Wellington to a baseline option, or a do-nothing approach. The analysis presented here estimates the direct and wider economic benefits of the on-going operation of the proposed Convention Centre and Movie Museum.

5.2. Investment objectives

The key reason for WCC to be involved in this proposal is to grow and protect Wellington's economy through investment in facilities / infrastructure that drives the visitor market by showcasing the region's film making success, and the business events market as measured through delegate days.

Additionally, it is an opportunity to leverage off the film making excellence that has been developed in Wellington and New Zealand and increase the breadth in commissionable product for the tourism industry. This is likely to lead to economic benefit for both the Wellington region and New Zealand as a whole as a result of new spending that would otherwise not occur.

In this respect, the economic case is critical to the business case for investment in this proposal.

5.3. Measuring economic value

5.3.1. Basis of measurement

Conventions held in Wellington will be attended by delegates from both within the region and also from outside of the region who will spend money in the Wellington economy. Similarly, visitors to the Movie Museum will be a mix of international, national and local visitors. Spending from delegates and visitors from outside of Wellington (and spending from Wellington convention delegates who otherwise would have travelled out of the city) reflects new spending in Wellington attributable to the proposal.

The total impact of this delegate spending is comprised of direct, indirect and induced components. Examples of direct spending by delegates/visitors could include accommodation, food and beverages, retail, entertainment, transport, or other spending made by the delegate attendees and visitors. Indirect impacts reflect the upstream impacts on supplier industries such as food and beverage producers and manufacturers. Induced impacts reflect the downstream activity generated by the additional spending, such as consumption by the hotel or retail workers employed to service the new delegates/visitors.

Due to the nature of the difference projects within the one proposal, the development of the economic cases were completed separately, but both assessed and converted into the same measure of economic impact by BERL.

Movie Museum
For the Movie Museum, TRC Tourism Ltd (TRC) has developed estimates of the additional visitation, length of stay in Wellington and spend that may occur as a result of the project. This was assessed for Wellington and New Zealand as a whole, and accounts for all current or substituted spending.

TRC were used due to their experience and expertise in tourism related work and BERL has been used to overlay the economic benefits in a consistent approach with the Convention Centre analysis given the combined nature of these projects.

Convention Centre
For the Convention Centre, HTL Horwarths (HTL) developed operating projections for the new convention centre facility which evaluated the number of new events and delegate days that would be attracted to Wellington as a result of the project. This ensured that relocation of events from other facilities whilst factored into the operation projections, was excluded for the purposes of assessing economic benefit.

5.3.2. Scope of impacts

The economic analysis estimates the impact of net additional spending that would otherwise not occur in the Wellington econonomy because of this proposal. The practical application of this definition is that net additional spending is only counted if it satisfies the following:

- Can be attributed to the proposal, or would otherwise not occur if not for the proposal
- Is new to the geographic area
- Is not cannibalising spending that already occurs in the area

In this measurement of economic value, the effects of the proposal will be stronger for Wellington than for all of New Zealand because new domestic spending at the movie museum or convention centre may not be new additional spending in New Zealand.

Basis for comparison

The economic impacts of the proposal need to be compared to a counterfactual baseline. In this case, the baseline is no development.

5.3.3. Methodology

The methodology used to derive the base visition impacts is tailored to each project's target visitation profile and source.

TRC's approach is outlined in detail in the Dec-15 Indicative Business Case. Their forecasts are built on the basis of tourism trends and statistics, informed by interviews with tourism trade operators and a number of case studies. The methodology for determining additional spend involves estimating:

1. Likely movie museum attendance and the mix of visitors
2. The impact or nature of this attendance, eg whether the attendee:
    i. is a new visitor who made a specific trip to Wellington to attend
    ii. is a tourist who lengthened their stay in Wellington (at the expense of the rest of New Zealand)
    iii. a New Zealand visitor who adds Wellington to their itinerary
    iv. spent more money in Wellington as a consequence of their visit to the museum.

Horwath HTL's approach for the Convention Centre was to project the likely utilisaiton of the new facility with the types of events that it would attract. This formed the base operating model for the new facility. An assessment was then made for the base market in Wellington and likely transferred business v new business to Wellington (which is mainly at the upper end of capability that currently is lacking in Wellington) that would make up that utilisation. As part of these event projections the following key spend drivers were estimated:

1. average number of delegates by event type
2. average length of event by event type
3. estimated origin of delegates by event type
4. average spend per day by delegate by origin

BERL then assessed the additional spend to Wellington based on the key drivers applied to only the new business to Wellington a new convention centre would create, and protect.

5.4. Summary Economic Impact of the Proposal

The combined economic impact of the proposal is the sum of the economic impacts of each component of the proposal – the construction phase, the operational phase for the Movie Museum and the operational phase for the convention centre, including the protected market share. This reflects that the underlying data and assumptions are mutually exclusive of each other.

This shows the combined benefit to the city per annum from operations of the Movie Museum and Convention Centre will deliver $72.4 million in new and protected expenditure, $37.5 million in new and protected GDP, and 568 new and protected jobs for Wellington's economy. During the construction phase, an additional $43.6 million of GDP and 540 jobs will be created. This is summarised in the following table:

Combined Summary Table of Economic Benefits for the Proposal

	Construction phase (one-off)	Operational phase (ongoing)		Total operations (per annum)	Market protection (8% loss protected)	Total benefit to the city (per annum)
	Combined	*Convention Centre*	*Movie Museum*	*Combined*	*Convention Centre*	*Combined*
Expenditure	**134.0**	$31.9m	$28.2m	**$60.1m**	$12.3m	**$72.4m**
GDP	**43.6**	$16.7m	$14.4m	**$31.1m**	$6.4m	**$37.5m**
FTEs	**540**	225	258	**483**	85	**568**

Note that economic impacts from the substantial fit out of the Movie Musuem has not been considered in this analysis but would be significant.

5.5. Benefit cost ratio (BCR)

Based over the 25 year lease period, and using an 8% discount rate, the NPV of economic benefits including the business event market protection anc construction benefits is $422 million.

An economic cost of the project can similarly be determined based on the capital cost of the project, and the ongoing operational impacts. Using the same discount rate the estimated NPV of costs to the city of the project is $87.5 million.

The proposal is expected to generate **$4.80 of new GDP in Wellington for every $1 invested.**

Applying these estimates of economic impact over the 25-year lease period generates a benefit cost ratio (BCR) for Wellington of 4.8 for this project. This means that for every $1 invested new GDP of $4.80 is generated for Wellington. This represents a strong case for investment – a BCR greater than 1 being the benchmark that would justify investment.

Estimated ratios of GDP benefits from the proposal, to proposal costs

BCR	Aug-16 FBC	Dec-15 IBC
Costs:	**$m**	**$m**
NPV of cost to city	87.5	76.3
Economic Benefits (incl construction phase):	**$m**	**$m**
Wellington operational GDP value add incl market protection (per annum)	37.5	37.5
Wellington construction GDP value add (one-off)	43.6	35.7
NPV of 25 years GDP value add	422.0	441.5
Investment Returns:	**Ratio:1**	**Ratio:1**
Wellington benefit to cost ratio	4.8	5.8

The BCR in this final business case of 4.8 : 1 has reduced from 5.8 : 1 in the December 2015 IBC for the following reasons:

- Construction costs have increased increasing the NPV of total costs for the project
- NPV of benefits has reduced due to the first year in the model now only including 5 months benefit and delaying the increase of the economic benefits to the full utilisation of the Convention Centre.

A full analysis of the BCR's is included in the following table:

Return on Investment - Over 25 Years	Aug-16 FBC	Dec-15 IBC
PROJECT COSTS:	**$m**	**$m**
NPV Cost of WCC investment	**87.5**	**76.3**
ECONOMIC RETURNS:	**GDP $m**	**GDP $m**
Including Construction Benefit:		
NPV GDP Benefits Growth Only	354.7	371.0
NPV GDP Benefits Growth + CC Market Protection	**422.0**	**441.5**
Excluding Construction Benefit:		
NPV GDP Benefits Growth Only	315.8	339.1
NPV GDP Benefits Growth + CC Market Protection	383.1	409.7
BENEFIT COST RATIO (BCR):	**Ratio : 1**	**Ratio : 1**
Including Construction Benefit:		
BCR Growth GDP Benefits Only	4.1	4.9
BCR Growth + CC Market Protection GDP Benefits	**4.8**	**5.8**
Excluding Construction Benefit:		
BCR Growth GDP Benefits Only	3.6	4.4
BCR Growth + CC Market Protection GDP Benefits	4.4	5.4

5.6. Additional associated economic impacts

Experience in Australia and elsewhere suggests that convention centres have the potential to act as anchor projects and therefore represent a catalyst for adjoining commercial and residential development. Source: CBRE 2103

In addition to the pure economic and fiscal impacts associated with the proposal there are a range of associated impacts from the proposal that should also be considered in the overall context of the Business Case for investment.

5.6.1. The Precinct factor

The proposed development is strategically located on Cable Street, directly opposite Te Papa, and will effectively anchor this area as the visitor attraction and convention and business events precinct.

The area is in close proximity to a range of Wellington's hotels and convention facilities and also a range of tourism attractions, entertainment venues, restaurants and bars.

The combined development will drive further development in this area over the medium and longer term delivering gains to the City in terms of growing the ratepayer base, enhancing the vibrancy of this precinct area and contributing to economic growth. We have already seen some development proposal for other sites in this area.

Discussions have been held separately with Te Papa about the potential opportunities for them to work together to host a range of larger events and support each other recognising the power of Te Papa as a national tourist attraction working in combination to further their respective interests and deliver benefits to the city. The design process has involved urban design considerations to ensure the link between this site and Te Papa and the waterfront.

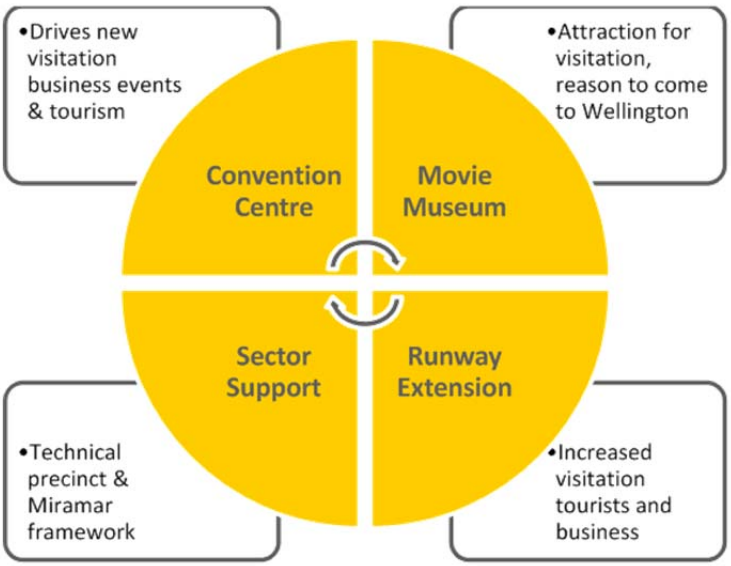
5.6.2. Supporting Wellington business sectors

The development will open up opportunities for Wellington to raise its profile and support a range of key sectors of the economy, including film and our tech sectors. It could be argued that a range of prestigious events bypass or do not consider Wellington due to limitations in its facility offerings. The new offering would potentially open Wellington up to be able to attract prestigious events like the Halberg Awards or similar high profile events.

Conventions are also a strong means by which core sectors of the Wellington economy can be supported. The WCC economic development strategy identifies the technology, film, education and service sector as key focus areas. A stronger convention offering would enable the city to cater for the needs of a range of complimentary business events enhancing knowledge transfer, showcasing the strengths of these sectors in Wellington and providing direct networking opportunities for local interests. Examples of the types of events could include the Worldcon convention and the Asia-Pacific conferences of the large professional firms. The combination with the movie museum opens opportunities to target film related events leveraging off the facility and Wellington's status as the home of film in NZ.

5.6.3. A catalyst for the Wellington City Council's growth agenda

WCCs "8 big ideas" (as discussed in the strategic case) do not exist in isolation, there are significant interdependencies between all eight ideas (particularly the Convention Centre, Movie Museum, sector support and the runaway extension). As such, progressing with the Convention Centre and movie museum complex could be viewed as a catalyst to the entire growth strategy.



These projects individually and collectively will foster a growing economy, lift business confidence and encourage more investment in new businesses feeding a virtuous cycle of increased growth and living standards. A growing ratepayer base provides the means to deliver WCC's growth strategy. They are part of a drive to structurally change from a 'service economy' to an 'experience economy', where visitors come to Wellington for an experience.

By completing the Convention Centre and Movie Museum together, there is also added benefits associated with synergies between the facilities, and by enabling the delivery of the Movie Museum four years ahead of that contemplated in the WCC Long Term Plan.

5.6.4. Benefits of secondary investment

Growth in the ratepayer base is a key objective of the economic growth agenda and the Council's 2015-25 LTP. A growing ratepayer base is a sign of a healthy and growing economy and in an environment where the cost and demands on a range of Council services are ever increasing growth in the ratepayer base provides a basis for maintaining the required levels of investment without primary recourse to raising rates.

Development adds value to the city and provides funding benefits to exisiting ratepayers. In its simplest form this provides incremental rates income to support funding decisions or reduces the impact of future rates increases on ratepayers.

In addition to the direct impacts there are secondary investment impacts that will feed through into the Wellington economy as a consequence of the investment in a Movie Museum and Convention Centre. These impacts are related to the subsequent investment decisions that will follow as demand for goods and services unfolds. This will be seen through increased demand for hotel beds, restaurants, bars, transport services, retail, tourist activities and support services. As existing capacity in these sectors is consumed there will be an inevitable investment over time to increase capacity as demand increases.

These secondary investments arise as a direct consequence of investment in this proposal.

The secondary investment required to fully offset this cost to the ratepayer would be additional secondary investment of $295 million.

6. Financial Case

The financial case confirms that the proposal is affordable within available funding and details funding arrangements, the costing approach and financial impacts.

Key points:

- The initial investment in the development is estimated to be **$150 million**, including the $21.5 million land already purchased and $5 million of Convention Centre fitout. All will be funded by WCC debt. This compares to a $134.5 million cost in our Dec-15 IBC.
- Once operational, the estimated cost to the ratepayer for the proposal over the 25 year Movie Museum lease period is **$2.9 million** on average per annum. Over the first ten years when debt costs are higher and revenues from the Convention Centre lower the costs are **$4.0 million** on average per annum.
- These final operational costs are not materially different to our Dec-15 IBC costs of $2.3 million and $4.1 million over 25 years and 10 years respectively.
- Pre-opening costs total $7.3 million until the end of 2018/19, however it is proposed that $1.0 million be funded from the exisiting City Growth Fund to keep rates impacts aligned to that already included in the LTP to 2018/19. This compares to $5.9 million in our Dec-15 IBC (and a $3.9m City Growth Fund offset) and is higher due to the longer time over which the land is held, and the higher construction costs proposed.
- The estimated level of secondary investment required to offset this cost to ratepayers is estimated at $295 million of new development investment growth in the city.
- The 2015-25 LTP included a Capex budget of $30m for the Movie Museum, and a total combined Opex budget of $33.2 million over the 10 year LTP period for the Convention Centre and Movie Museum (commencing from 2017/18). The 10 year LTP Opex is now $39.8m which is more closely aligned timing wise than our Dec-15 IBC with total LTP Opex of $44.6m.
- The average rates increases over the 10 year LTP period remain within the 3.8% average rates increase under the FBC and within Council's Financial Strategy.

This final proposal differs from the Dec-15 IBC in the following key ways:

- The capital costs are higher at $150 million instead of $134.5 million largely due to the recommended façade design.
- The long run operational costs are higher due to the increased funding costs of higher capital costs.
- The short run (10 year) costs remain at a similar level as the Dec-15 IBC due to lower interest rates being secured through a hedging progamme that will lock in interest rates for 15 years.

This final proposal differs from the 2015-25 LTP in the following key ways:

- it delivers the Movie Museum earlier than anticipated in the LTP (2019/20 rather than 2022/23) and at a higher capital cost and resulting debt funding requirement.
- WCC now builds and owns the Convention Centre facilty rather than leasing it from a third party as in the LTP, therefore now requires a capex component and debt funding.
- the combined operational costs of the new proposal are less than the operational costs previously envisaged and included in the LTP when fully operational, but because the timing has been bought forward they are incurred earlier that anticipated in the LTP.

6.1. Principles of the financial analysis

The financial analysis is based on the following broad principles:

- WCC is funding the capital expenditure required for the Convention Centre and Movie Museum development on the Cable/Wakefield Street land approved for purchase in December 2015 – this expenditure will be funded entirely through WCC debt.
- WCC is bearing the construction risk associated with the development.
- WCC through WREDA is bearing the operational risks and rewards associated with the Convention Centre.
- WCC is not bearing any loss risk associated with the operations of the Movie Museum.

6.2. Summary of changes since the Dec-15 IBC

The following table outlines the key changes to the financial analysis of the proposal since the December 2015 IBC and this August 2016 Final Business Case (FBC):

Key area	Dec-15 IBC	Aug-16 FBC	Comment
Project timing: Construction Phase	Jun-16 to Jun-18	Jan-17 to Dec-19	Construction timing will depend on the timing of TMML meeting the condition and executing the Agreement to Lease.
Project timing: Opening Date	Early 2019	February 2020	Opening date is dependent on the construction start date, and is expected to be 3 years following its commencement.
Project Cost	$134.5 million	$150.0 million	Increase primarily due to recommended façade option.
Operational Cost: Pre-opening phase (total cost)	$5.4m	$7.3m	The increase in pre-opening cost is due to the interest impacts of the higher construction cost and later construction start meaning the holding costs of the land are higher.
City Growth Fund offset	$3.9m	$1.0m	The project's new timing now aligns more closely to the current LTP budgets in the first three years reducing the need to offset pre-opening costs in the City Growth Fund.
Operational Cost: First 10 years: (average p.a. cost)	$4.1m	$4.0m	The costs over the first ten years are slightly less due to the lower interest rates able to be secured through a defined hedging programme, which has offset the impact of a higher construction cost.
Operational Cost: Full 25 years: (average p.a. cost)	$2.3m	$2.9m	The costs over the full 25 year TMML lease period are higher than the IBC mainly due to the additional costs added around façade maintenance and delayed opening of the facilities.
Benefit Cost Ratio	5.8:1	4.8:1	Reduction due to project cost increases and delayed opening date

Key area	Dec-15 IBC	Aug-16 FBC	Comment
			meaning the economic benefits fall later than planned.
Increase in rates requirement over LTP period	$11.4m	$6.6m	The project timing is more closely aligned to the current LTP reducing the cost variance over that timeframe.
Financial Strategy Requirements	All met	All met	All requirements of the financial strategy as set out in the Long Term Plan have been met for both the IBC and FBC.

In addition to the differences outlined in the above table some minor changes have been made to the financial assumptions modelled:

- An additional cost of $100,000 per annum (inflation adjusted) has been added to cover the likely additional costs of maintenance and cleaning of the recommended façade design.
- Operating Year 1 includes only 5 months of operations rather than a full 12 months due to the opening date being assumed at February 2020. To avoid confusion with the IBC, an additional seven month 'year 26' has not been added to the model.
- Rates expenses and benefits have been updated to reflect the 2016/17 rate strike
- Insurance costs have been increased in line with the capital cost increase.

The following sections provide more detail of these changes and the financial assumptions underpinning these projected costs.

6.3. Financial structure of the proposal

6.3.1. Overview

As illustrated in the strategic case, the key parties involved in this proposal and the financial structure of the proposed Movie Museum is detailed below.

Party	Role
WCC	• Developer of the proposed Convention Centre and Movie Museum. If approved, WCC will construct the building in accordance with the procurement plan in section 7.5 and lease the Movie Museum component to TMML. • WCC will be responsible for all costs of building ownership and net costs/surpluses from operation of the Convention Centre (via WREDA).
TMML	• Operator of the Movie Museum and lessee of that component of the development. • TMML will fund fit-out and on-going operational costs of the museum and pay WCC an annual lease rental [redacted].
WREDA	• Operator of the Convention Centre

The costs of the project with respect to WCC and TMML and their responsibilties are outlined in the following table:

	Wellington City Council	The Movie Museum Limited
Capital investment in the development	• $150 million (including $21.5 million land already purchased and $5m Convention Centre fit-out) • Ongoing capital renewals	• All costs involved for the Movie Museum and exhibition fit out. • The Movie Museum will house and display private collections from Sir Peter Jackson and Sir Richard Taylor. These have a significant value, but in reality are priceless.
Source of capital funds	• Debt (offset by rates funded depreciation)	• Owners responsibility

Source of operational revenue	• TMML lease revenue
	• Convention Centre net operating surpluses
	• Any retail space lease revenue
		• Sales revenue:
		  ○ Entrance tickets
		  ○ Retail shop
		  ○ Café
		  ○ Events / functions

Source of operational costs	• Building maintenance costs • Rates & Insurance • Debt financing costs • Depreciation • Any Convention Centre net operating losses	• WCC lease [redacted] • All Movie Museum operating costs (staff, cost of sales, utilities, sales & marketing, exhibit costs, financing and owners costs)

6.4. Key Financial Assumptions

The financial analysis presented below is based on the following assumptions:

- Land costs of $21.5 million – already purchased by WCC in 2015/16 financial year
- Build costs (including project contingencies) of $123.5 million are based on costings of latest designs costed by LTM, and independently checked by quantity surveyors Rider Levett Bucknall. These costs are spread over four financial years based on scheduling provided by Willis Bond.
- Convention Centre fit-out costs are assumed to be $5 million and incurred evenly over the 12 months before the facility opening date.
- The facility opening date is assumed to be February 2020.
- The capital costs of the project will be financed entirely by debt. Principal is repaid in line with depreciation of the asset. Council would have the option to increase debt repayments in the future.
- A 15 year funding and interest rate hedging programme for the project borrowings has been developed with with advice from PWC and ANZ Bank. Interest costs have been based on that programme. Current short term funding rates are at levels well below 3% and are expected to continue to remain at this level. The average interest rate used over the 15 year funding programme period is 3.81% per annum. Beyond the 15 year hedging programme an interest rate of 5.25% has been assumed for the remaining 25 year lease period, with a two year 'step up' period of 4.25% and 4.75% respectively from the end of the hedged funding programme.

- Depreciation is based on the assumed useful life of components of the asset as follows:
  - Structure 60 years
  - Roof 35 years
  - Lifts/Escalators 35 years
  - Plant 25 years
  - Building Fitout 12-18 years
  - Other Fitout 12-18 years
  - Site Improvements 20 years
- TMML lease revenue assumptions are based on the commercial terms outlined in Appendix G. [redacted]
- Convention Centre operations are based on the operating projections from Horwath HTL for the first ten years of operations, and then extrapolated out to year 25. This is referred to as the "Base Case". These projections have only been amended for items not related to core convention event activity such as FF&E funding, additional façade cleaning and maintenance costs, revenue from naming rights and the introduction of a management fee to WREDA. Year one of operations has been adjusted to reflect an opening date of February 2020.
- WREDA (PWV) has been assumed to be the Convention Centre operator and a management fee of 1.5% of revenue has been included in the operating costs to account for any increased overheads from the addition of the new facility to their operations.
- It is assumed that WREDA will own the FF&E, funded by a loan from Council. A renewal fund of 3% of revenue is deducted annually from convention centre operating surpluses to ensure WREDA can keep FF&E at a high quality standard. Timing and value of FF&E renewals has been assumed to equal the FF&E renewal fund for the purposes of modelling. This is conservative as in reality it is likely a cash surplus will be generated in early years to be spent in later years.
- It has been assumed that the $0.5 million annual allowance (adjusted for inflation in outyears) within the Horwarth HTL convention centre operating projections will be able to absorb all builidlng maintenance and operational costs. An additional $0.1 million has been added above this to allow for any additional cleaning and maintenance costs related to the aspirational façade design in the final recommendations.
- Annual costs of $150k for building insurance have been estimated based on advice from our insurers AON.
- The Movie Museum component of the land and building will not be rateable but will be subject to normal water and sewerage rates due to its 'museum' status. This has assumed to be effective from 2017/18.

6.5. Capital Costs incurred by Council

WCC will build and own the proposed building development. The capital costs to complete the Movie Museum and Convention Center development are outlined in the table below which also shows the costs from the IBC.

Table 1: Summary of initial capital costs of the proposal to WCC:

		Aug-2016 Final Business Case			Dec-2015 Indicative Business Case	
Cost Component		**$m**	**$m**		**$m**	**$m**
Land Cost			21.5			21.5
Construction Costs						
Construction Costing		96.6			79.1	
Construction Contingency	12.5%	12.7		20%	15.8	
Professional fees		14.2			13.0	
Total Construction Cost			**123.5**			**107.9**
Total project development cost			**145.0**			**129.4**
Convention Centre fitout			5.0			5.0
Total Project Cost to WCC			**150.0**			**134.4**

The project budget includes a construction contingency which does not form part of the construction contract, but relates to Council's budget which needs to allow for the design stage of the project. Until the designs are absolutely finalised the design process and construction price contains risk that needs to be managed throught the capital budget process and the contingency – reduced from 20% to 12.5% in the FBC due to the more advanced design stage. Costs incurred 2015/16 in developing the project feasibility do not form part of the project cost.

6.6. Summary financial operating projections for the proposal

As WCC will build and own the proposed building development they will be responsible for all rates and insurance costs of the building. Other building operating costs such as air conditioning/lift maintenance will be operational expenses of the Convention Centre.

The table below sumarises the detailed operating projections included in the following sections of this chapter for the construction phase and first ten years of operations of the Convention Center and Movie Museum. This shows the average cost to the ratepayer over the first ten years of operation is $4.0 million per annum (compared to $4.1m in the Dec-15 IBC).

Financial summary for the proposal

OPEX $ million (inflated)	**Construction/Pre -opening Phase**			**Operating Phase – Aug16 FBC**										**Dec-15 IBC**
Project Year: / Financial Year:	Yr-2 2016/17	Yr-1 2017/18	Yr0 2018/19	Yr 1 2019/20	Yr 2 2020/21	Yr 3 2021/22	Yr 4 2022/23	Yr 5 2023/24	Yr 6 2024/25	Yr 7 2025/26	Yr 8 2026/27	Yr 9 2027/28	Yr 10 2028/29	Avg Yr1-10	Avg Yr1-10
Interest and Depn Costs	1.0	1.7	3.6	6.4	8.5	8.4	8.3	8.3	8.2	8.1	8.0	8.0	7.8	**8.0**	**8.9**
Rates & Insurance	-0.0	0.2	0.3	0.8	1.0	1.0	1.0	1.1	1.1	1.2	1.2	1.2	1.3	**1.1**	**1.1**
Total Building Costs	**1.0**	**1.9**	**4.0**	**7.2**	**9.5**	**9.4**	**9.3**	**9.4**	**9.3**	**9.3**	**9.2**	**9.2**	**9.1**	**9.1**	**10.0**
[redacted]															
[redacted]															
Net cost to be funded	**1.0**	**2.0**	**4.3**	**6.3**	**6.9**	**6.0**	**5.1**	**4.5**	**3.7**	**3.5**	**3.3**	**3.2**	**3.0**	**4.6**	**4.9**
New Rates Income	-	-0.1	0.0	0.4	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.6	**0.5**	**0.8**
Net financial cost to city	**1.0**	**2.1**	**4.2**	**5.9**	**6.4**	**5.5**	**4.6**	**3.9**	**3.1**	**2.9**	**2.7**	**2.6**	**2.4**	**4.0**	**4.1**

[3] [redacted] *based on Horwath operating projections updated by WCC to allow for FF&E renewal fund, FF&E loan interest costs, WREDA management fee and revenue for the naming rights to the Convention Centre.*

When looking at the proposal over the 25 year lease for the Movie Museum, the average costs drop to $2.9 million per annum (compared to $2.3m in the Dec-15 IBC). This is mainly due to the debt and interest costs reducing over the 25 years, and the Convention Centre surpluses and lease income increasing over the same period.

Financial summary for the proposal

OPEX $ million (inflated averages per annum)	Aug-16 FBC		Dec-15 IBC	
	10 Yr Avg	25 Yr Avg	10 Yr Avg	25 Yr Avg
Interest & Depreciation	8.0	8.0	8.9	8.1
Opex Costs (Rates & Insurance)	1.1	1.3	1.1	1.3
Total Building Ownership Costs	**9.1**	**9.4**	**10.0**	**9.3**
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net Rates Requirement	**4.6**	**3.6**	**4.9**	**3.2**
Compared to the LTP Avg Net Rates Requirement[2]	4.4	5.9	4.4	5.9
Incremental Rates Income	0.5	0.7	0.8	0.9
Net Financial Cost to City	**4.0**	**2.9**	**4.1**	**2.3**
Secondary capital investment required to offset net financial cost to the city	401	295	410	229

[2] Based on the first 10 and 25 years of operations of the Convention Centre to be comparable. Note the 25 year LTP averages are based on extrapolation of the Long-Term Plan.

The final proposal is not materially different to the Dec-15 IBC, and over 25 years the average cost per annum remains less than proposed the extrapolated 2015-25 Long Term Plan.

Secondary investment in hotels, hospitality, retail and other business (which increases the city's valuation and ratepayer base therefore reduces the impact current ratepayers) required to fully offset the cost of this proposal ranges from $295m to $401m. In the context of the cost of hotel investment for example, this is a reasonably modest target.

6.7. Detailed financial projections for the Convention Centre operations

Total revenue for the proposed convention centre is expected to be generated through floor space rental, catering revenue, labour and other general revenue, and technical services provided to venue hirers. This revenue is offset by fixed and variable operating costs, management fees and property costs. A detailed breakdown of the financial projections for costs and revenues of the proposed convention are provided in Appendix B. For financial modelling purposes, year one includes and additional 5 months of operations from February 2020 to that of the annualised Horwath HTL modelling (based on year one of the Horwath modelling).

Pre-opening costs of $660,000 are included to support the initial activity, marketing and costs incurred prior to the opening of the Convention Centre (and therefore before revenues are generated).

The Convention Centre is expected to generate operating surpluses and the projections for the proposed convention centre are shown in the table below. [redacted]

The operating revenue in the table shows a 5-year build up of event programming to reach the full utilisation and occupancy targets by 2024/25 for the facility, with the first year (2019/20) being an additional 5 month year of operations.

Convention Centre Operating Surplus after other operating costs/income

$ million (inflated)	Pre-opening	2019/20[1]	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	10 Yr Avg
Operating Revenue	-	4.60	11.05	13.74	16.56	18.92	20.76	21.35	21.95	22.57	23.22	**17.48**
Variable Costs	-	3.00	7.21	8.91	10.67	12.10	13.17	13.58	14.00	14.43	14.88	**11.20**
Gross Operating Surplus	**-**	**1.60**	**3.84**	**4.83**	**5.89**	**6.82**	**7.59**	**7.77**	**7.95**	**8.14**	**8.34**	**6.28**
Fixed Costs	-	1.55	3.72	3.84	3.96	4.08	4.21	4.31	4.42	4.53	4.65	**3.93**
Gross Operating Profit	**-**	**0.05**	**0.12**	**0.99**	**1.93**	**2.74**	**3.38**	**3.46**	**3.53**	**3.61**	**3.69**	**2.35**
Other costs/(income):												
FF & E Renewal Reserve	-	[redacted]										
Interest of FF&E Loan	0.01	[redacted]										
Naming rights and other revenue	-	[redacted]										
WREDA Shared Costs Fee	-	[redacted]										
CC pre-opening costs	0.46	0.20	-	-	-	-	-	-	-	-	-	**0.02**
Net Operating Surplus	**-0.47**	[redacted]										

[1]Note operating year 1 includes only 5 months of operations from February to June 2020. Source: Horwath, WCC

Under the assumed operating model of WREDA (PWV) as operators of the facility, WCC will receive all cash operating surpluses for the Convention Centre (after the FF&E Renewals Reserve, interest on FF&E loan, naming rights and other income and the deduction of a management fee to WREDA (to cover their additional costs). The centre is not projected to make sufficient surpluses to cover the early losses until its fourth year of operations.

These surpluses will be used to offset the building ownership costs noted above.

Sensitivity and scenario analysis on the Convention Centre operating projections have been completed in section 6.8.

6.8. Sensitivity analysis on financial projections

The financial projections presented above and in the appendice are based on assumptions provided by Horwath HTL for a Base Case around event projections, pricing and operating costs for the facility and have been reviewed by WREDA (PWV). The building ownership cost assumptions (interest, depreciation, rates, insurance, maintenance and building service costs) were based on estimates prepared by Council.

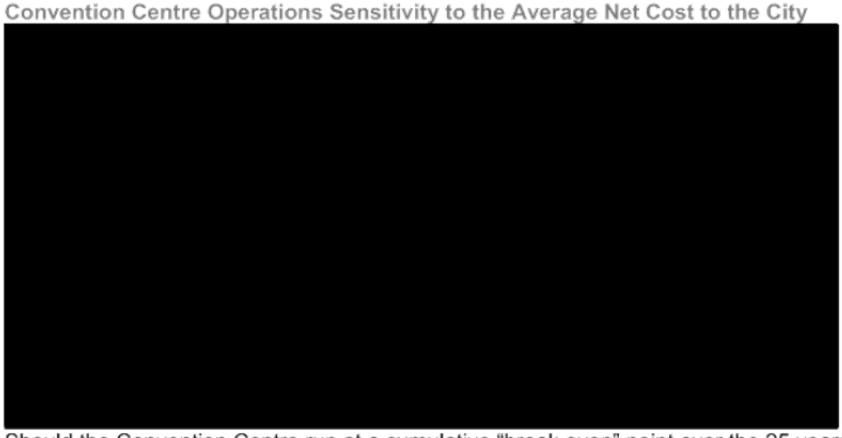
Convention Centre Operations Sensitivity:
Sensitivity analysis has been performed on the event projections and the operational financial performance of the facility, compared to the base case. Testing to establish how much revenues needed to drop or costs increase to make the Convention Centre not make operating surpluses was completed with the following results:

- If the fixed costs of the facility remain as projected in the base case, the revenue (and variable expenses) would need to drop by 33% before the facility does not generate a cumulative operating surplus (before building ownership costs) over 25 years.

- If fixed costs of the facility are 15% higher than projected in the base case, the revenues (and variable expenses) need to drop by 24% before the facility does not generate an cumulative operating surplus over 25 years.

Both of these scenarios have been modelled, together with scenarios where revenues drop by 10% and 20% respectively and are shown in the following graph:

Convention Centre Operations Sensitivity to the Average Net Cost to the City



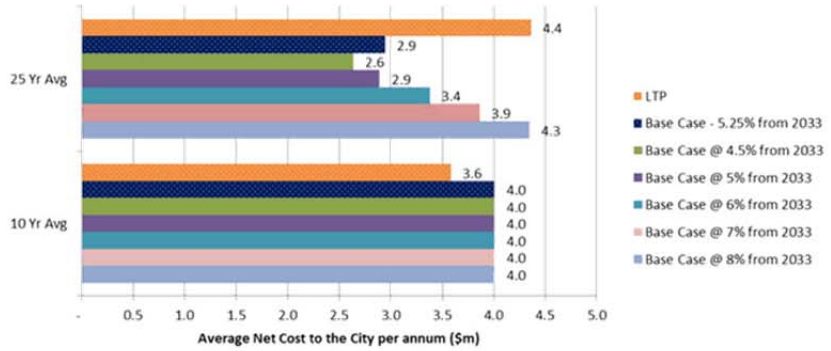
Should the Convention Centre run at a cumulative "break even" point over the 25 years, the average net cost to the city per annum would increase from $2.9 million per annum to around [redacted] per annum for 25 years. This would require a revenue reduction of 33% annually across the 25 years, a fixed cost increase annually across the 25 years or a combination of these factors. These scenarios are unlikely, and the base case remains our best estimate of the overall net operational cost of the venue.

Building Ownership Costs Sensitivity:
The main area of risk in the building ownership costs relates to the interest expense on the borrowings incurred to develop the facility. Other costs of rates and insurance whilst subject to change, have been based on quotes by our providers, inflated by normal inflation rates and the risk around this is considered low. Rates is something WCC incurs, and has a cyclical nature in that increases in rates expense also increase the rates benefits to Council given they are paid to ourselves and are therefore neutral.

For these reasons, the only area where sensitivity analysis has been performed is on the interest projections compared to those used in the base case. The current financial climate and ability to hedge against interest rate risk for fifteen years (until 2033 or year 14 of operations) gives us comfort that our interest rate risk is low until that time. A programme of funding and interest rate hedging has been prepared with advice from ANZ and PWC and we have a high level of comfort that funding will be able to be secured at the rates at least at the levels used in the business case modelling until 2033. Beyond 2033 the risk that interest rates may increase to higher levels than assumed in our base case is higher.

In the below interest rate sensitivity analysis the interest rates have been held to the same levels as our base case until 2033 or year 14 of operations, and increased to the rates indicated for the remaining period to year 25.

Interest Rate sensitivity to the average net cost to the city

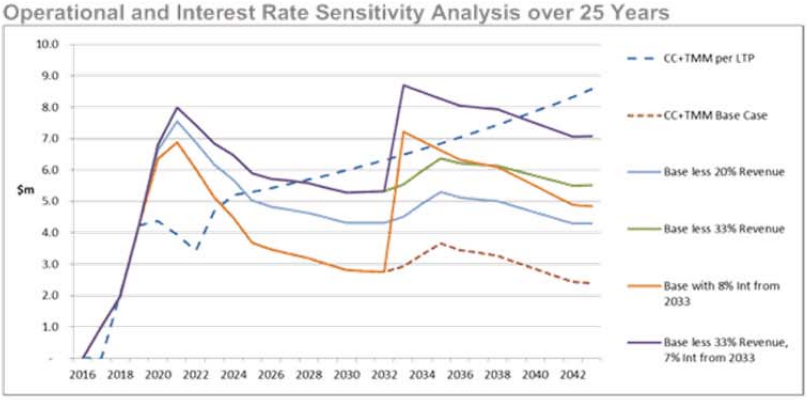


As expected, the impacts are only evident over the 25 year analysis period. Should interest costs rise to, and remain at, 8% without WCC having any additional interest rate hedge protection, the average net cost of the proposal increases from $2.9m per annum to $4.3m per annum over 25 years. This would stay within the average costs of the extrapolated LTP over the same timeframe assuming all other factors are delivered. This would imply an OCR of over 6% which implies a reversion to a high inflation environment.

In reality hedging interest rate risk is an on-going practice that the Council employs to reduce our exposure to adverse interest rate changes, so the impacts of any interest rate increases are likely to be less, and later, than tested above due to the rolling hedges that will be in place and the Council practice of actively managing funding risks.

To give some context to the sensitivities over time, the following graph shows the net impact on the rates requirement compared to the base case projections, and the LTP budgets for several scenarios (separate and combined) from above.

Operational and Interest Rate Sensitivity Analysis over 25 Years



It is unlikely that costs would increase above the (extrapolated) LTP budget levels for the movie museum and convention centre.

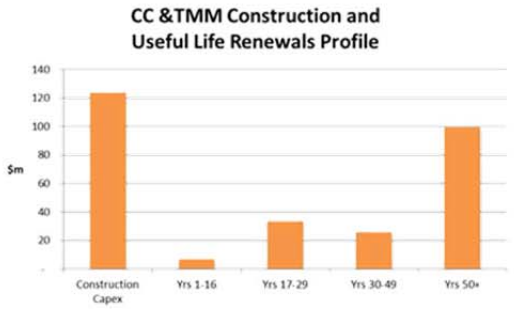
The scenarios above show a range of mostly downside sensitivities and their separate and combined impact on the annual rates requirement (budgets) of Council of the proposal should they eventuate. These are sensitivities to adverse changes in the market place and assume that change exists for the entire term of the Movie Museum lease.

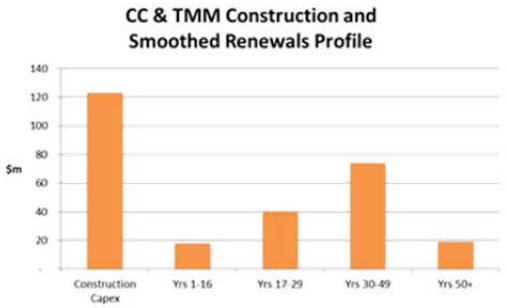
There is a reasonably high degree of sensitivity to the average net costs to the city relating to the operational performance of the Convention Centre. Interest rates are also sensitive, but to the lesser degree of significance when compared with the operations of the Convention Centre.

Risk as it pertains to financial outcomes is discussed further in the Section 8.2, however most risk analysis falls broadly within the extrapolated budgets of the 2015-25 Long Term Plan for these projects.

6.9. Capital Renewals

Under the proposal, Council will be responsible for the capital renewals of the building. There are two general ways to approach modelling the capital renewals – either by renewal at the end of the useful life of each asset component, or a more smoothed or averaged approach. A summary of the propotion of spend under each approach is shown in the graph below:





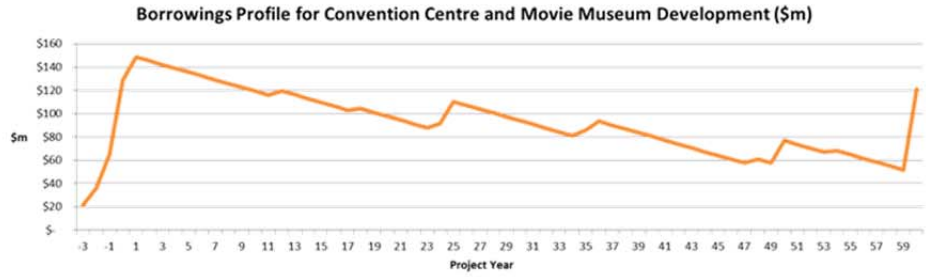
As can be seen from the tables above, the useful life renewal profile assumes the majority of the building will last for more than 50 years without need for renewal, however the smoothed renewal profile renews most of the building asset in years 30-49.

Capital renewal profiles are heavily influenced by the standard of the maintenance regime applied during the life of the asset. In addition it is important that the Convention Centre is maintained at a high standard given its use and need to remain attractive as a venue. The operational budgets of the Convention Centre include a $500,000 annual maintenance budget (adjusted for inflation) for both building maintnance, building service costs and FF&E maintenance/breakage. An additional $100,000 per annum (adjusted for inflation) has also been included in the Convention Centre budgets to allow for the maintenance and cleaning of the façade. Fitout renewals is funded through through a separate renewals fund as described in section 5.8 below as is not included in the graph's above.

Given the building will be adequately maintained, it can be assumed that the useful life renewals profile will be the more realistic profile than the smoothed renewals profile. This is the profile that has been modelled for the purposes of capital costs, on-going renewal spend, borrowings and interest calculations.

6.10. Borrowings Impact

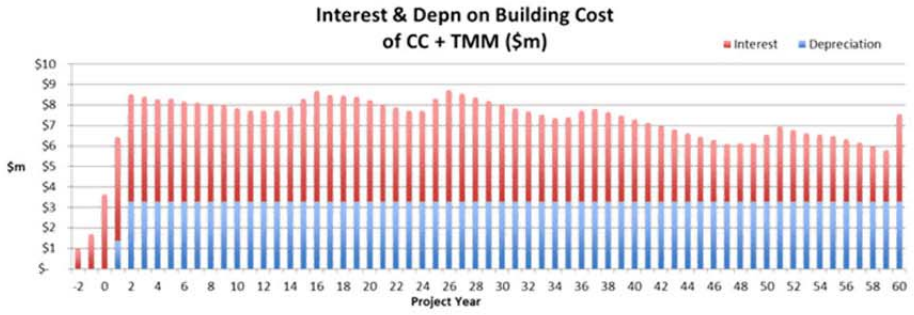
The capital costs incurred both on construction and renewals have an impact on Council borrowings. Depreciation on the building will be expensed by WCC and the funding generated used to repay these borrowings/fund the capital renewals over it's life. The impact on borrowings from repaying debt through the depreciation expense, and renewing the asset over its useful life, can best be shown on the following graph:



6.11. Opex impact of Capital Costs

The opex impact of the capital expenditure is predominantly depreciation and interest. Interest has been modelled using the interest rates noted in section 6.4 above and fluctuates depending on the level of borrowings in each year. In a normal construction contract, interest charges during the construction phase would be capitalised, however Council policy is not to capitalise interest during construction, and this is the approach modelled.

Depreciation has been based on the useful life modelling, assuming as each asset componet ends its useful life it is renewed, creating a consistent depreciation charge throughout the life of the asset.



The opex costs of asset ownership reduce over the life of the asset as borrowings reduce.

These costs differ significantly to the costs of a lease where CPI is applied to the lease cost at year one and then compounds over the life of the lease creating a significant increase in lease costs over time. The other major factor to consider in the cost comparison to a lease is that Council will own the land and building at the end of the period (compared to a lease) adding a significant asset in a prime location to Council's asset base.

6.12. Furniture Fittings & Equipment (FF&E)

It is also expected FF&E of $5 million will be requried to fit out the Convention Centre. This includes the BOH fit out (kitchen, shelving, staff spaces, offices etc) and the front of house fit out (chairs, tables, stages, reception desks, all furniture etc). The key assumptions made in the model are as follows:

- FF&E is owned by WREDA (PWV) as operator of the facility
- Council lends WREDA (PWV) the $5m to purchase the FF&E
- Council will on-charge the interest on this loan at cost, to be funded out of operations of the Convention Centre. Models have interest rates being charged as noted in section 6.4
- WREDA (PWV) will create a FF&E renewals fund equal to 3% of revenue and fund all renewals from this fund
- The fund will be deducted from the operating surpluses before they are paid to Council at the end of each financial year
- For the purposes of the financial models, the actual renewals profile is assumed to match the creation of the fund. This is a conservative approach and in reality a cash surplus will be generated in early years to be spent in later years.
- Small breakages and repairs of FF&E will be funded though maintenance budgets of the operating company
- Depreciation of FF&E has not been modelled, but will be incurred in the operating company but is a non-cash item and would be added back in a surplus payable to WCC calculation.

The technical services that are critical to the delivery of the Convention Centre operations are assumed to be funded by a private sector partner. This AV partner will own and install state of the art technical services to the Convention Centre, and deliver onsite technical and theming services

tailored to each customer and event. These services are on charged to the customer as part of their cost of hiring the Convention Centre venue. This is the same as our existing WREDA (PWV) technical services provision at other venues.

6.13. Financial projections for TMML

This section is based entirely on projections from TMML.

6.13.1. Base case assumptions

With respect to TMML, total revenue for the proposed Movie Museum is expected to be generated through ticket sales, retail sales, café sales (food and beverage), event / function sales and ancillary sales. This revenue is offset by the rent payable to WCC, cost of sales and fixed / variable operating costs, and is for the account of TMML only.

TMML projections the following key assumptions:

- Lease payments in accordance with the commercial terms in Appendix G
- Year one visitor projections of 355,000 with a decrease in year two followed by steady increases thereafter.
- Other revenue and expenses as provided by TMML for the 10 year modelling period with EBITDA increased at inflation thereafter.
- Museum fitout being the responsibility of TMML.
- Zero rates payments consistent with WCC policy for museums.

6.13.2. Projected return

TMML projects to earn a [redacted] pre-tax internal rate of return on capital invested. The equity investor may choose to leverage this project by funding part or all of the initial fit out with debt. This will increase the rate of return but not the value of the project to TMML as the increased return is offset by the increased risk of debt funding. Should the cost of fit-out for the museum increase from those initially planned the rate of return will also decrease.

This is not *prima facie* a strong commercial return and demonstrates that on the basis of current forecasts, TMML is unlikely to generate significant returns, and would not easily be able meet higher lease costs.

[redacted]

6.14. Funding options

6.14.1. Capital funding of the proposed development

As noted, all land purchase and capital construction costs of the proposed convention centre development in this proposal are funded by WCC. WCC will take all construction risk on the project.

The $150 million of project costs will be funded by Council borrowings as noted in section 6.10 above.

Council will have the option of selling and leasing back the development to a commercial property investor at any point in the future.

6.14.2. Operational funding of the proposed development

In the 2015-25 LTP the Convention Centre operating costs were proposed to be funded through Activity 3.1.2 (100% from rates to be split 60% from the General Rate and 40% from the Downtown Levy), and the Movie Musuem operating costs were proposed to be funded through Activity 3.1.5 (100% from the General Rate).

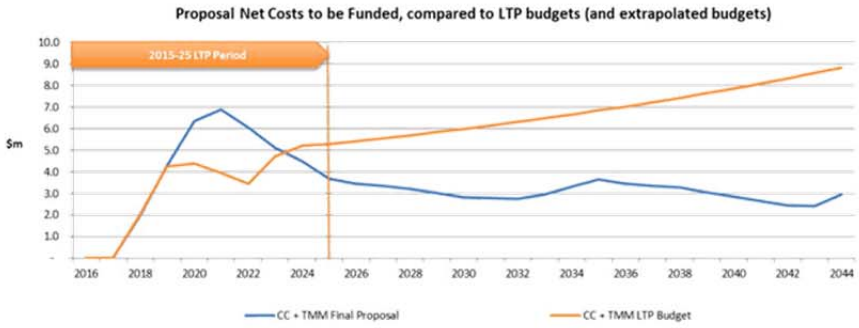
It is recommended to now fund the Movie Museum through Activity 4.1.1 which applies 25% of the cost of the Movie Museum to the Downtown Levy (commercial properties within the Downtown Levy boundaries). This was consulted on as part of the community consultation in February and March 2016.

Revenue & Financing Policy Table

Activity	Activity Name	User Fees	Rates	General Rate (GR)	Downtown Levy (DTL)	Commercial Targeted Rate (CR)
3.1.2	Wellington Convention Centre	0%	100%	60%	40%	0%
3.1.5	Major Projects	0%	100%	100%	0%	0%
4.1.1	City Galleries and Museums	0%	100%	75%	25%	0%

The funding policy considers who benefits from the proposal and the best way for these beneficiaries to fund the service.

WCC will also have an increased commercial valuation base upon which to spread these costs over, minimising the cost impact on our existing ratepayer base by an average of $0.5 million per annum over the first 10 years. This effectively means that the first $0.5 million of cost would not impact current ratepayers. The rates requirement for the current proposal is compared to the 2015-25 LTP budget in the following diagram:



This graph shows the costs in the first five years are higher than the costs in the 2015-25 LTP budgets.

The LTP budgets envisaged the convention centre being leased from a private Hilton Hotel developer – this proposal was agreed at Council for 20 years and the above graph shows an extrapolation of this agreed proposal for five additional years to meet our 25 year project timeframe. The Hilton lease was subject to annual CPI adjustments. The LTP also included the opex impact of the $30m capital budgets and these have been extrapolated out for 25 years of operation and these interest and depreciation costs were not subject to CPI in the LTP or its extrapolation for this component.

The final proposal opex includes interest and depreciation costs that are also not subject to CPI adjustments, and over time costs reduce (as debt levels reduce). The Convention Centre revenues and costs are subject annual CPI adjustments and revenues grow over the 25 years as the centre reaches peak occupancy and overall reduce the net costs of the proposal over time.

It is for this reason the proposal provides better overall value to the ratepayer than the previously conceived lease arrangement for delivery of the Convention Centre.

6.14.3. Other external funding options considered

As noted earlier, PPP arrangements where partnering with the private sector to fund the capital costs of the project and WCC taking on a lease were explored extensively.

Central Government Support:
Central Government is supporting development of the Auckland NZICC proposal (capital cost of $450 million) through legislative changes giving Sky City long term gambling concessions to make the financial business case viable for a private developer, and in Christchurch as part of the earthquake rebuild through direct funding support (capital cost and allocation between Central and Local government has yet to be made public but is expected to be upward of $100 million). Queenstown (capital cost of $56 million) has also approached Central Government for funding support for their convention centre. The government has indicated no more than $10 million is likely to be contributed to this proposal, but nothing has been committed or decided at this point.

Claudelands in Hamilton ($70 million capital cost) was funded by the Local Council with no support from Central Government.

We have considered whether Wellington should approach central government to also support the convention centre component of this proposal financially, however feel that the business case is strong for Council to support at the level proposed which has been affirmed by the community consultation and government support may be beter sought on other projects.

Government support has however been sought from MBIE to ensure Wellington is included in all promotional materials delivered out of Tourism New Zealand's additional $34 million funding support for international marketing of NZ as a business event destination. The marketing of NZ and Wellington as a business events destination can influence the success and economic benefit of the Wellington proposal, however this requires an international standard purpose built facility to promote.

Central Government are also supporting tourism projects and infrastructure through various means and we will consider the appropriateness of any support for the wider project through the final design stages.

Bed Tax:
A bed tax is an option being considered as a funding solution in the Queenstown community for their convention centre. This is a tax that is applied to hotel room rates, paid by customers and returned to the local authority or central government.

This requires government legislation changes that can take significant time, and comes with varied viewpoints of its success or otherwise and is not an option we are exploring for this proposal.

6.14.4. Impact of growth on our ratepayer base

Direct impact
The development of the Cable Street site will add approximately $124 million to our commercial and downtown levy rating base (the land value is already in the rating base). The rates collected from a $124 million downtown development are approximately $1.7m per annum (based on 2016/17 rates strike and excluding water usage rates). This represents a saving to other ratepayers as the growth in the ratepayer base from this new development takes the $1.7m million share of rates that have previously been spread across the existing ratepayer base, however in this case they are paid by Council as owner of the property so they have a neutral impact.

Flow on impact
It is also likely that further to the immediate capital value increase from the development itself, there will also be investment in other commercial properties in the vicinity to support the services required by conference delegates and movie museum visitors. This could include additional hotels, hospitality and retail developments. This has not been quantified, however analysis of hotel development across the country suggests that there is a strong link between convention and other key destination infrastructure and hotel development.

Any flow-on development will also benefit all ratepayers by creating more capital value to spread the rates requirement across as discussed earlier in this document.

6.14.5. City Growth Fund (formally WEID Fund) contribution

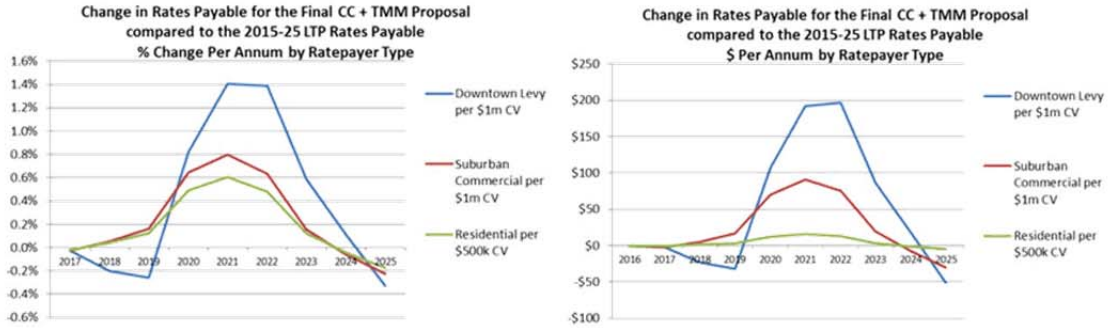
As can be seen from the graph in 6.14.2, the current proposal costs Council and ratepayers more in the earlier years (due to interest costs on the Council borrowings commencing during construction) than the 2015-25 LTP budgets. It also creates percentage rates increases which are not within the financial parameters set out in the Council's Financial Strategy which are an average 4.5% rates increase over the first three years, and a 3.8% average over the full ten years of the LTP.

The alignment of the purpose of the City Growth Fund and this project is strong with the objective of both to deliver increased GDP and jobs to the city. For this reason, it is recommend that any funding required to ensure our rates increases and/or levels remain within the Council's Financial Strategy parameters is balanced and funded from the City Growth Fund.

For the combined Convention Centre and Movie Museum proposal, this is expected to be $1.0 million in 2016/17 rather than the $3.9m across 2016/17 and 2017/18 required in the Dec-15 IBC. This has created additional capacity within the City Growth Fund and any other funding from the City Growth Fund can be assessed as necessary through each year's Annual Planning process.

6.14.6. Indicative impact on current rates

Using the revenue and financing policies noted above for the Convention Centre and Movie Museum and offsetting $1 million of costs in the City Growth Fund for 2016/17, the following graphs outline the dollar and percentage increase on rates compared to the rates propsed in the 2015-22 LTP for the different sectors of ratepayer, for the property capital value (CV) indicated.



The greatest impact when compared to the Long Term PLan is to the downtown levy ratepayers in 2019/20 and 2020/21 when the the debt funding costs are at their highest and the convention revenues their lowest

6.14.1. Financial Strategy Impacts

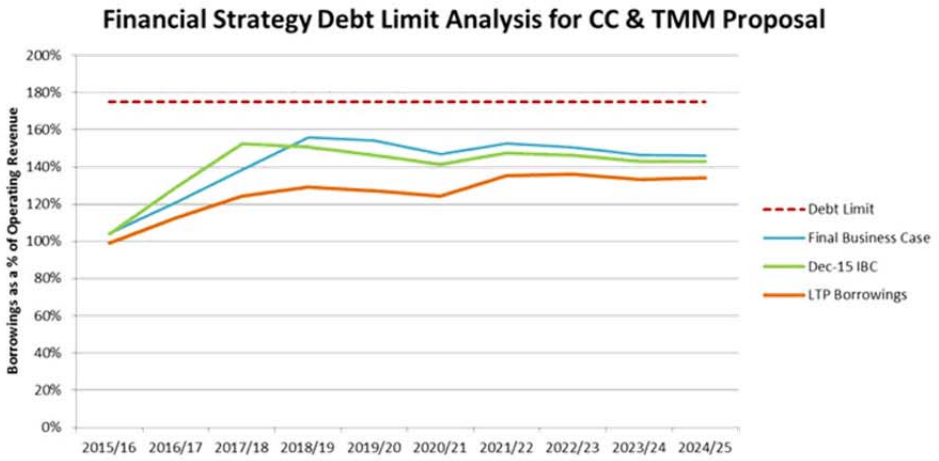
Analysis of the impact of the final proposal on the relevant aspects of Council's Financial Strategy has been undertaken. The key areas are our projected debt profile and rate increase levels compared to the financial strategy parameters.

Borrowings:
For borrowings the key metric under the Financial Strategy is the ratio of borrowings to operating revenue with a limit set at 175%. The projected impact on the debt profile is shown on the following table:

All of Council Borrowings $ million	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Borrowings LTP	416.2	492.0	570.2	623.6	636.5	651.3	732.9	763.1	780.0	806.6
Borrowings Dec-15 IBC	437.8	567.4	704.5	755.1	765.1	772.8	834.2	854.2	869.0	893.4
Borrowings Final Proposal (FBC)	**437.8**	**528.0**	**635.2**	**752.6**	**785.1**	**792.4**	**853.3**	**873.0**	**887.4**	**911.4**

All of Council Borrowings $ million	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Change FBC from LTP	*-21.6*	*-36.0*	*-65.0*	*-129.0*	*-148.6*	*-141.1*	*-120.4*	*-109.9*	*-107.4*	*-104.8*
Change FBC from IBC	*-*	*39.4*	*69.3*	*2.5*	*-20.0*	*-19.6*	*-19.1*	*-18.8*	*-18.4*	*-18.0*

Applying this debt profile agains our percentage of operating revenue parameters the following graph shows how this proposal impacts this parameter, and compares to the LTP and Dec-15 IBC analysis:



The borrowings levels remain under Council's Financial Strategy debt limit of 175% of operating revenue with debt levels peaking at 156% in 2018/19 before reducing again.

Rates:

For rates, the key metrics under the Financial Strategy is over the first three years of the LTP not to exceed an average rates increase of 4.5% per annum. Over the 10 year LTP the limit is not to exceed an average rates increase of 3.8% per annum.

To meet these financial strategy requirements and minimise impacts to ratepayers both the Dec-15 IBC and this proposal recommend the use of the City Growth Fund to offset costs to meet these rates increase parameters. The recommendation is $1m in 2016/17 under this final proposal, reduced from $3.9m across 2016/17 and 2017/18 in the Dec-15 IBC. This ensures the rate increase parameters of the Financial Strategy are maintained as outlined in the following table:

Average rates increase after growth (% p.a.)	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	10 Yr Avg
Rates % LTP	4.9%	3.6%	5.1%	5.8%	2.5%	4.0%	3.0%	2.9%	4.1%	2.0%	**3.79%**
Rates % Dec-15 IBC	4.9%	3.6%	5.1%	7.0%	2.2%	3.8%	2.9%	2.4%	3.8%	1.9%	**3.76%**
Rates % Final Proposal (FBC)	**4.9%**	**3.6%**	**5.0%**	**5.9%**	**3.1%**	**4.3%**	**2.9%**	**2.3%**	**3.7%**	**1.7%**	**3.76%**
Change FBC from LTP	*0.0%*	*0.0%*	*0.1%*	*-0.1%*	*-0.6%*	*-0.3%*	*0.1%*	*0.6%*	*0.4%*	*0.3%*	*0.03%*
Change FBC from IBC	*0.0%*	*0.0%*	*0.1%*	*1.1%*	*-0.9%*	*-0.5%*	*0.0%*	*0.1%*	*0.1%*	*0.2%*	*0.00%*

The final proposal results in a slightly lower average rate increase of **3.76%** per annum compared to the average **3.79%** increase per annum over the 10 years of the LTP, this is after accounting for the use of the City Growth Fund as outlined above and detailed in the following table:

Rates Impact Table CC and TMM Project Budgets Only ($ million)	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	LTP TOTAL
FBC Comparison to LTP:											
Project Opex $ LTP	-	-	2.1	4.2	4.4	3.9	3.4	4.7	5.2	5.3	**33.2**
Project Opex $ Final Proposal	-	**1.0**	**2.0**	**4.3**	**6.3**	**6.9**	**6.0**	**5.1**	**4.5**	**3.7**	**39.8**
FBC Change from LTP	-	**-1.0**	**0.1**	**-0.1**	**-1.9**	**-3.0**	**-2.6**	**-0.4**	**0.7**	**1.6**	**-6.6**
City Growth Fund Allocation FBC		1.0	-	-	-	-	-	-	-	-	**1.0**
FBC Net Rate Impact	-	-	**0.1**	**-0.1**	**-1.9**	**-3.0**	**-2.6**	**-0.4**	**0.7**	**1.6**	**-5.6**
FBC Comparison to Dec-15 IBC:											
Project Opex $ Dec-15 IBC	-	1.8	4.2	7.8	7.0	6.0	5.2	4.5	4.1	3.9	**44.6**
Dec-15 IBC Change from LTP	-	**-1.8**	**-2.1**	**-3.6**	**-2.6**	**-2.1**	**-1.8**	**0.2**	**1.1**	**1.4**	**-11.4**
City Growth Fund Allocation IBC		1.8	2.1	-	-	-	-	-	-	-	**3.9**
Dec-15 IBC Net Rate Impact	-	-	-	**-3.6**	**-2.6**	**-2.1**	**-1.8**	**0.2**	**1.1**	**1.4**	**-7.4**
Change FBC from LTP	-	-	*0.1*	*-0.1*	*-1.9*	*-3.0*	*-2.6*	*-0.4*	*0.7*	*1.6*	***-5.6***
Change FBC from IBC	-	-	*0.1*	*3.5*	*0.7*	*-0.9*	*-0.8*	*-0.6*	*-0.4*	*0.2*	***1.8***

The project timing for the final business case has delayed the costs so they are now more aligned to proposed LTP budgets for the combined projects. This has meant the use of the City Growth fund to offset costs in the first three years has been reduced from $3.9m in the Dec-15 IBC to $1m in the FBC.

7. Commercial Case

This chapter describes the proposal in relation to the preferred commerical delivery model.

7.1.1. Development Management and Construction Phase

WCC has agreed a term sheet for a development management agreement with Willis Bond to secure their services as the development manager for the project should it proceed. The key commercial terms are noted in Appendix G.

A condition of the Willis Bond agreement is that LT McGuinness (LTM) are appointed as the construction contractor on the project subject to meeting a range of value for money (vfm) conditions.

Willis Bond has led the masterplanning process and the concept designs, building performance specifications and costings have been developed in conjunction with the following advisors:

- Studio Pacific – architects and design
- Dunning Thornton – structural engineering
- LT McGuinness – costings and construction
- Rider Levett Bucknall – independent QS on costings

7.2. The Procurement Strategy

This section considers the procurement delivery model to meet the key objectives for the project. An inappropriate delivery model can increase the project risk and negatively impact on value for money, quality and timing. The Indicative Business Cases set out the justification for undertaking the project, this is reinforced in this the Final Business Case which is expanded upon to include the Management Plan for the delivery of the project. The procurement delivery model is a key component of the Management Plan.

7.2.1. Procurement Strategy

The procurement strategy for the design, build and own project to deliver the Movie Museum and Convention Centre is based on the Council's Procurement Policy. The key objectives that are sought to be delivered through the procurement approach are:-

Deliver Value for Money
Delivering value for money (vfm) has been and will continue to be a primary objective to guide decision making through the project and in particular around procurement activities. The project proposal requires the development of a large scale bespoke building to house two complementary tenants with exacting requirements. Significant input has been required early in the process to ensure the building is able to be built and to be fit for purpose with a high degree of certainty around the cost to build and the capacity to build. Vfm is the balance between time, cost and quality to deliver a fit for purpose solution.

Strategic Alignment
The project is complex and involves multiple parties, including an exacting third party tenant in TMML. The processes should encourage early engagement, building strong relationships and building credibility to ensure the project can be delivered against agreed outcomes. Collaborative opportunities to deliver vfm outcomes and other benefits including design excellence and cost reductions should be a key consideration. To the extent intellectual property has been developed this should be capitalised on within a collaborative relationship supporting the delivery of vfm.

Risk Management
Time and certainty were key risks to this project in terms of having sufficient confidence to secure the land for the development. This combined project is a key plank in Council's Economic Development Strategy. Having embarked on previous attempts to deliver the projects, risk management considerations should reflect a high weighting towards certainty and deliverability. The principles of on time, on budget and at quality therefore delivering vfm should be at the forefront of the project planning and procurement approach. Risk management cuts across many different aspects of the project, not just procurement, and is covered specifically in Section 8.2 of this document.

Supplier Collaboration and Economic Development
The procurement approach should use opportunities to drive supply chain performance through close collaboration between the project management, design and construction and suppliers, but also including the key tenants (TMML and WREDA). The procurement methods should favour the use of local suppliers, businesses and contractors within the overall vfm framework.

7.2.2. Procurement Principles

The procurement principles for this project have been developed in accordance with and are consistent with Council's Procurement Policy. Procurement planning and decisions will include consideration of the following key principles:

Accountability
Strong project governance arrangements should be put in place and maintained to oversee the use of public funds.

Openness
Transparency, within the bounds of commercial confidentiality, supports accountability and provides clarity to understanding roles and responsibilities. For example, in respect of all financial arrangements.

Fairness and Lawfulness
Decision making should be impartial. Council has a responsibility to act fairly and responsibly and to meet its legal obligations. Legal advice and/or review should be sought before entering into material contractual obligations.

Value for Money
The processes should be effective, without undue waste, and pay due regard to the total costs and benefits associated with the project. The vfm principle should guide decision making and should not necessarily steer processes to a least cost method rather than focus on the best outcome with consideration to total ownership costs.

Integrity
Officers involved should act with the utmost integrity, in an unbiased and ethical manner. Given the preference to use local services, within the broader vfm considerations, clarity around conflicts of interest will be managed on a transparent basis.

7.2.3. Other Procurement Guidelines

A range of other considerations factor into the choice of procurement methods and on-going procurement decisions. These include:

Health and Safety
Health and safety arrangements are a critical component of the project and procurement processes should ensure that suppliers have and are able to demonstrate appropriate health and safety practices in the delivery of their services.

Contract Management
The proposal is for Council to build, own and lease the development. While Council will use a specialist development manager for the project, Council needs to monitor and manage supplier's performance to ensure Council is receiving vfm and that the overall process delivers vfm, as well as

delivering the scope and quality required. The plan should set out the contractual frameworks that will be utilised and also the governance, monitoring and accountability framework.

7.3. Procurement Delivery Model

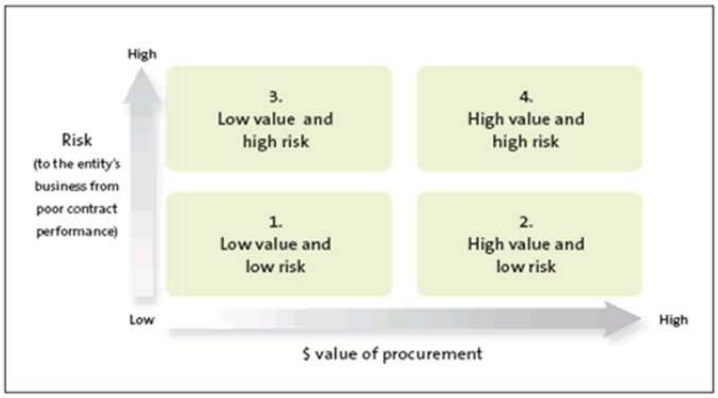
7.3.1. Procurement Scope

The procurement plan is to support the building of the Movie Museum and Convention Centre and enable the objectives of the Business Case to be met. The financial scope of the project, and therefore the procurement requirements, are set out within the table below.

			Aug-2016 Final Business Case
Cost Component		**$m**	**$m**
Land Cost			21.5
Construction Costs			
Construction Costing		96.6	
Construction Contingency	12.5%	12.7	
Professional fees		14.2	
Total Construction Cost			**123.5**
Total project development cost			**145.0**
Convention Centre fitout			5.0
Total Project Cost to WCC			**150.0**

The scope of the procurement plan covers the construction costs in the table above. The land on Cable Street and Wakefield Street has been purchased and is therefore not covered by this procurement plan. The Convention Centre fitout cost of $5m will require a specific procurement plan and this will be developed in accordance with the procurement strategy; this activity is scheduled to take place in the year 3 of the programme.

The value of the procurement covered by this plan is the Total Construction Cost of $123.5m and is high. The Office of the Auditor General guidelines for procurement suggest the use of a four quadrant analysis to assist public entities in understanding and developing appropriate procurement methods. The four quadrant model is shown below.



In considering the Movie Museum and Convention Centre project in this context it is clear that the procurement value aspect of the project is high and, given the bespoke nature of the building, the need to deliver vfm and the requirement to meet third party tenant requirements on-balance the risk aspect is also high. This indicates that the project sits within the upper right quadrant and consequently the procurement delivery approach should be appropriate for a project with those characteristics.

7.3.2. Procurement Delivery Models

The procurement delivery models predominantly in use to deliver non-residential building projects are:

- Construct only
- Design and Construct (plus variants)
- Managing Contractor
- Construction Management
- Direct Managed
- Early Contractor Involvement
- Alliance
- Public Private Partnerships

A discussion of the options and their appropriateness for the project is set out in Appendix H.

7.3.3. Early Contractor Involvement (ECI)

Council has adopted a delivery method that is based on early contractor involvement with respect to the engagement of the development management, design and construction contractor. This approach complements the balance of the procurement which will be delivered through alternative procurement methods. This section focuses solely on the ECI approach, the other services to be procured are discussed separately.

The ECI approach is suited to large and complex projects because it allows an integrated team time to gain a deep understanding of the project requirements, which enables innovation and value for money. The ECI model suits circumstances where[11]:-

The project risks are somewhat unknown, and some degree of innovation is required	✓
Project delivery timeframes are constrained	✓
A relationship model rather than a more adversarial model is preferred	✓
There is identified value in a collaborative stage 1 arrangement to drive innovation outcomes and provide for knowledge transfer	✓
There is a need to obtain price certainty and demonstrate transparency	✓
There are uncertain or complex interfaces, and flexibility on delivery is required	✓

[11] NZ Government Procurement – A guide to developing your procurement strategy

To enable the successful delivery of a completed development of international quality, Council has assembled a project team with the capability, capacity, experience and track record that is deemed essential to achieve the required result. That project team includes Willis Bond & Company Limited, who will be responsible for managing the delivery of the construction project, while Council will be responsible for the overall project including its funding and the fitout of the Convention Centre. By working with Willis Bond each party will be playing to their respective strengths.

Through a combination of Willis Bond's established track record as a leading development manager, the successful working relationship the Council has with Willis Bond, the extensive involvement in the master-planning of this project from inception, and the successful outcomes achieved over several other projects, the Council has elected to proceed along a single source route for the design and construction of this project. The well-established benefits of early contractor involvement, particularly when applied to unusual/complex projects, are expected to be realised in this case.

Council agreed a terms sheet with Willis Bond in November 2015, appointing them as Development Manager of the project should it proceed, reflecting the specific and unique background and nature of this project and the use of Early Contractor Involvement with a single source procurement route.

The terms sheet established LT McGuinness Limited as the construction contractor prima facie subject to WCC being satisfied that it is receiving value for money comparable to that achievable under a contested procurement or similar procurement process. This position was reflected in the Indicative Business Case presented to Council in December 2015. As a result of its early engagement, LT McGuinness, has and, will input into design buildability and cost as well as providing advice on construction programming. The construction contract documentation will be subject to an independent legal review and also a review by a qualified consultant to confirm the terms are in line with industry standards.

Consistent with the procurement strategy the ECI approach provides the potential for cost and time savings, opportunities for innovation, improved integration of design and construction processes for optimising the design from a construction perspective, earlier commitment of construction resources and expertise to the project, and a better understanding of the project risks by all parties.

7.3.4. ECI engagements

The ECI approach in this project has resulted in the following contract services being, or planned to be, secured by direct engagement:-

Service	Planned Provider
Development Management Services	Willis Bond and Company Limited • Subject to the project being confirmed and the completion of Development Management Agreement in accordance with the Term Sheet executed on 30 November 2015.
Construction Contractor	LT McGuinness Limited • Subject to the project being confirmed and the construction contract being on terms and at rates that are generally in line with the then prevailing industry rates for projects of size and complexity comparable to the project, undertaken on arms lengths terms. The contract will incorporate mechanisms to ensure Council value for money comparable to that achieved through a contestable process.

Service	Planned Provider
Design Services	Studio of Pacific Architecture Limited • Subject to the project being confirmed and the contract being finalised.

Those services that are not procured through the ECI route will also be procured in accordance with Council's procurement policies and will include the competitive tendering of the construction sub-trade contracts.

7.4. Demonstrating value for money to ratepayers

Having chosen to use the procurement route outlined above it is important that the strategic focus on delivering value for money is embedded into the processes, contracts and monitoring going forward. XIGO, who are independent experts in best practice procurement for large construction projects, have provided advice around the key processes and procedures required to meet Council's objectives. Their advice is reflected in the following sections on ensuring value for money and best practice.

7.4.1. Steps to ensure value for money

A series of processes and procedures to ensure robust management of construction, cost, programme and design are planned to be implemented to manage risk within the project and support the delivery of the Council's project objectives, including the delivery of vfm. These are set out below:

- Construction pricing mechanisms – to provide cost certainty and reduce cost risk, a Fixed Price Lump Sum approach is the preferred approach
- Construction contract form – the basic contract form will be the NZS 3910:2013 contract
- Open book pricing – the construction contract will be subject to independent QS review linked to current market rates
- Sub-contractor works tendered – the key sub-trades will be tendered on a competitive basis with independent QS review linked to current market rates
- Construction programme – the construction programme will be subject to independent review of the programme, the contract price and the overall design
- Contract engineer – an Independent Engineer will be appointed to administer the contract and engage the design team over aspects of quality and maintenance of quality standards throughout the contract
- Open book cost – in addition to the open book approach to the construction contract the independent QS will also provide cost estimating and cost planning advise throughout the design phase
- Design process management – the design process will be co-ordinated and managed through the development manager
- Construction contract – this would only be awarded at the point where design is complete, consents are in place, the construction programme has been agreed and the contract price has been vetted and confirmed by the independent QS. Enabling works may be approved where cost certainty is consistent with the cost plans, and where there are time benefits to the programme.

- Design documentation at time of tender – the completion of 100% fully detailed and co-ordinated design documentation will be a condition of appointment

7.4.2. Steps to ensure best practice

In addition to the steps set out above to deliver vfm, there a number of other key processes that will be followed throughout the design and construction phase that will assist in ensuring we meet best practice and achieve Council's objectives for the project. These include:-

- Restricted variations – maintaining tight control on variations following preliminary and developed design sign off, including any tenant requested variations.
- Cost control – incorporating strong measures throughout the design phase to track cost, including involving the main contractor and the independent QS with reference to the market to ensure the design is aligned to the budget expectations.
- Complete designs – ensuring we have fully co-ordinated and completed design prior to final contracting, ensuring consultants are contractually obliged to provide this and that the documentation produced is independently checked at the end of each design phase to ensure it meets these obligations.
- Enhanced collaboration – promoting clear, accurate, integrated and up to date communication through the use of building information modelling.

7.4.3. Process Validation

The ECI approach adopted, combined with single source procurement, whilst widely used for complex and large projects is a departure from the more traditional procurement methods such as tendering. For this reason, and partially in response to some feedback received during the consultation process around the non-tendering of the construction contract, a number of reviews were commissioned.

- Legal advice was sought from Bell Gully prior to embarking on this route to ensure that the approach was not in conflict with Council's Procurement Policy and the advice confirms the policy allows for a direct procurement process to be adopted for this project.
- Constructing Excellence (NZ) were engaged to provide an independent review of the procurement method adopted for this project and in particular the ECI with a single source procurement route. Constructing Excellence noted their "findings are that the procurement route chosen is appropriate", noting Council's procurement rules allow single source procurement, there are similar recent examples of this approach in the public domain, and that best practice in procurement is to provide and demonstrate value for money.

7.5. Procurement plan and timetables

7.5.1. Procurement plan timetables

Upon Council confirming the project and the agreement to lease with TMML being signed the project will move quickly into the delivery phase. The first steps will be to confirm and execute the development management agreement with Willis Bond and the contract for services with StudioPacific and other consultants.

Thereafter the procurement activities will sit alongside and support the delivery of the overall project construction plan as set out in the following section.

7.5.2. Project delivery schedule

The delays in getting the project approved have impacted on the final expected completion dates and therefore the projected opening dates for both the Movie Museum and the Convention Centre.

Assuming that Council approval can be achieved in August, and the commitment from TMML shortly thereafter, then the expected completion date is 30 December 2019. This implies an opening date for both facilities of February 2020.

The preliminary construction programme is attached as Appendix I.

7.6. Project Financing

This section considers the financing plan to meet the key objectives for the project. Given the relatively significant investment cost for the proposal, funded through an increase in Council borrowings, funding costs and the risk of adverse movements in funding costs are important aspects of the project and require strategic management.

7.6.1. Financing Plan

The total capital investment in the proposal is $150.0m including $5.0m for the fit-out of the Convention Centre and the $21.5m already incurred in purchasing the Cable Street and Wakefield Street sites.

The opening funding position is therefore the $21.5m already incurred, as the project progresses through the design and construction phases the investment in the project increases until it peaks at the full expected cost of $150.0m in early 2020. All of the investment in the project will be funded through Council borrowings. Having reached the peak cost and therefore peak borrowing requirement the related borrowings thereafter reduce annually through the application of fully funded depreciation to reduce the debt and create future capacity for funding renewals. The financing plan for the project is guided by the following:

Financing Requirement	Financing Plan
The project is a long term project and the project financial projections are very sensitive to changes in funding costs.	Interest rate hedging should be maximised in both value and term using long term interest rate swaps and fixed rate bonds. Credit margins should be managed through securing the project funding requirements at the start of the project once approved.
The peak funding requirement is reached in 2019/20 and funding certainty is required to ensure the required funds are readily available as and when required.	This will be achieved through securing the project funding requirements at the start of the project once approved with a mix of pre-funding through the issuance of bonds and holding the proceeds of pre-funding on short term deposit.
The funding plan will seek to maximise the opportunity to secure long term funding during a period where funding costs are at historic lows.	The bulk of the funding and interest rate hedging will be done shortly after the project has been fully approved.
The plan needs to accommodate the debt run-off and ensure that the risk of carrying excessive long term funding is avoided.	The debt programme will include a sufficient component of short term funding and bank funding lines to provide sufficient flexibility
The strategy needs to provide flexibility during the design and construction phases where cashflow projections are subject to significant risk around timing, both advanced and delayed cashflows.	The flexibility required will be provided through a mix of pre-funding through floating rate bonds, short-term borrowing through the issuance of commercial paper and the use of bank facilities.
The outcomes of the funding plan should be able to be monitored and the true funding costs attributed to the project to promote accountability and aid the post project evaluation processes.	The funding plan and funding costs will be monitored and reported on a monthly basis. The financing plan will be managed on an on-going basis to ensure the financing risks are actively managed over the course of the project.

To the extent Council's existing Investment and Liability policies are in conflict with the agreed funding plan then the project funding should be treated as an exception to the policy.	There may be conflicts in terms of the Council's Investment and Liability policy which is developed to sit over Council's business as usual activity. The certainty of the funding requirements and the need to be risk averse may result in occasions where the project funding is in conflict with the existing policy. In these instances rather than adjust the policy artificially to accommodate this the variance should be treated as an exception and reported as such for control and transparency.

The financing plan has been developed in conjunction with advice from Council's treasury advisor, PWC, and the ANZ bank.

To deliver on the key requirements of the funding plan the following financial tools will be utilised:

Financial Instrument	Description
Commercial Paper	Short term debt raised by Council in the wholesale interest markets and is typically used for 90 day funding periods.
Bank Funding Facilities	Funding facilities provided through the banks that provide secure committed stand-by funding lines.
Interest Rate Swaps	Interest rate swaps are a derivative financial tool that allow interest rates to be locked in for periods of up to 15 years.
Floating and Fixed Rate Bonds	These are longer term debt that is issued by Council in the wholesale interest markets. This can be through the Local Government Funding Agency or through private placement with investors. Fixed Rate Bonds have a fixed interest rate for the term of the bond whereas Floating Rate Bonds are a variable interest rate which resets quarterly.
Short Term Bank Deposits	Deposits held with the trading banks on a short term basis generally up to 12 months but can be longer.

8. Management Case

This section details the arrangements needed to ensure the successful delivery of the project and covers the governance and project structure and the project reporting arrangements.

8.1. Project Management Planning

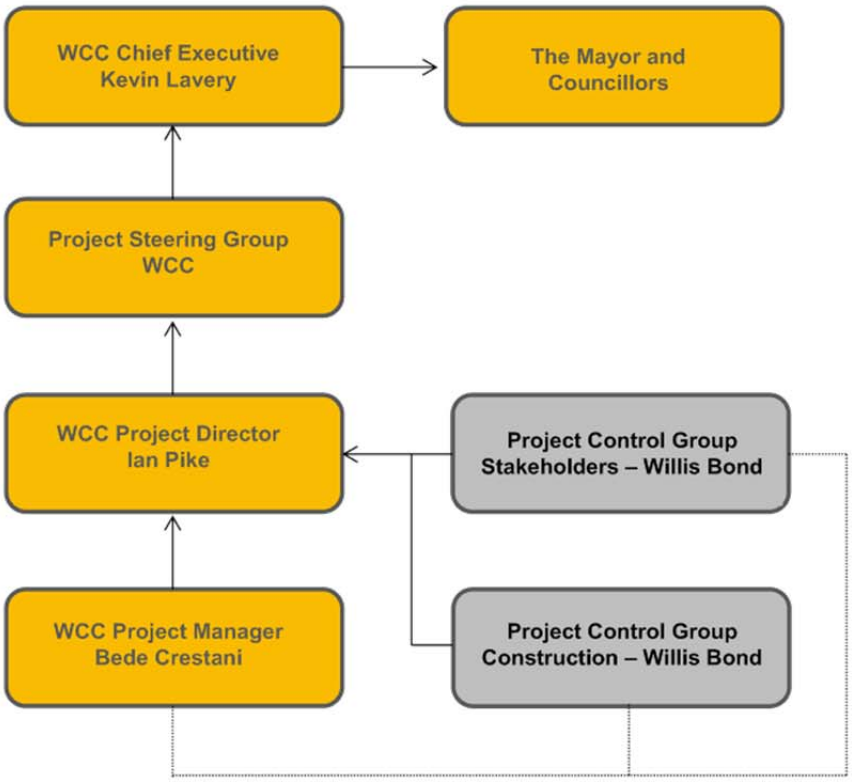
8.1.1. Governance Arrangements

The Movie Museum and Convention Centre project is led by the Project Director, who reports to the Steering Group whose sponsor is Kevin Lavery Chief Executive of Wellington City Council. The Project Director will direct the project with a WCC Project Manager being the day to day manager of the project.

Willis Bond will oversee the design and construction project as the Development Manager under the direction of the Project Director.

Project Structure

The diagram below illustrates the project structure:



The Project Steering Group consists of advisors in areas designed to guide and monitor the project through its lifecycle. The steering group is guided by the Project Steering Group Terms of Reference.

The members of the steering group are:

Chairperson

Chief Executive, Wellington City Council – Kevin Lavery

Members

Chief Operating Officer – Greg Orchard

Chief Financial Officer – Andy Matthews

Director City Growth and Partnerships – Derek Fry

Manager City Growth Projects – Danny McComb

Independent Expert – Dean Riddell[12]

The steering group represents a range of skills and expertise from across Council and includes an independent expert with extensive experience with large construction projects.

The Stakeholder Project Control Group (Stakeholder PCG) is made up of representatives from Wellington City Council (the Project Director and the Project Manager), Willis Bond as the Development Manager, TMML as the tenant with respect to the Movie Museum and WREDA as the operator of the Convention Centre. The role of the Stakeholder PCG is to co-ordinate the requirements of the various stakeholders to ensure that the design, construction and fit-out reflect an integrated and efficient process and maximise the benefits of the co located Movie Museum and Convention Centre.. The aim of this group is also to support the vfm principles and ensure the development occurs efficiently.

The Construction Project Control Group (Construction PCG) is made up of representatives from Wellington City Council (the Project Director and the Project Manager), Willis Bond as the Development Manager, LT McGuinness as the construction contractor and other technical experts as required (such as the architect or the structural engineer etc.). The role of the Construction PCG is to advance the designs, ensure the designs are well tested for buildability and cost, and seek value out of the process, and develop and maintain the programme timelines. As the project moves from design to construction the role of this group will move to a focus on the construction contract and delivery.

Project Reporting

Project reporting is a critical component of the project. The WCC Project Director is responsible for ensuring all of the reporting responsibilities are met in a timely fashion. The regular monthly reporting to the steering group will cover, amongst other matters:

- Health and Safety
- Financial reports – Actual versus budget and forecasts
- Progress against project timeline and project plan
- Updated risk and issues register
- Key activities

The project steering group will receive periodic reports at the appropriate stages of the development in accordance with the stage of the process. The stages have been broken into the following stages:

- Pre-contract Stage
- Design Stage
- Construction Stage
- Finish Stage
- Post-project Evaluation

[12] Dean Riddell is experienced in major construction projects and is a Quantity Surveyor by profession

Project Roles and Responsibilities

The roles and responsibilities for the steering group and project team are outlined below:

Role	Responsibilities
Project Steering Group	• Provide guidance and leadership • Define expectations and success indicators • Make final decisions on project recommendations • Review and monitor performance, taking appropriate actions as required to ensure the projects success
Chairperson – Steering Group	• Overall responsibility for the project deliverables • Chair the PSG meetings • Ensure project processes and outcomes meet Council standards • Reports to, and briefs, Council as appropriate
Project Leadership – The Project Director	• Guide the Project manager in the delivery of the project • Accountable to the PSG for the project outcomes to ensure the project is delivered on time, on budget and at the required quality. • Prepare for and participate in PSG meetings and reviews • Co-ordinate and liaise with external resources and other Council resources as required throughout the project. This would include Council finance, procurement, health & safety, risk assurance and transport and any other internal resource required. • Ensuring risk management and health & safety are at the forefront of processes, practices and reporting throughout the project. • Manage the project on a no surprises basis.
Project Management – The WCC Project Manager	• Manage the delivery of the project on time, on budget and at the required quality. • Ensure project plans and schedules are developed, maintained and are monitored. • Project reporting • Managing project cost schedules and the risk register • Liaise with all external and internal project resources
Expert Advisors	• A range of expert advisors have been used to date and will be used throughout the project at appropriate stages to contribute to the project deliverables. These include; Legal Advisor (Bell Gully); Development Management (Willis Bond); Quantity Surveyor (Rider Levett Bucknall); Procurement Advisor (XIGO); Construction Advisor (LT McGuinness); and Architects (StudioPacific).
Main Contractor	• To be appointed once the project is confirmed. • The construction contract will be awarded to LT McGuinness provided they meet a range of vfm tests and contract terms as set out in the procurement plan. • The main contractor will deliver on all aspects of the NZ3910 contract.

Construction Programme

The programme is shown in Appendix I and will feed into the procurement timeframes. The construction programme envisages site preparation works being undertaken in the first quarter of 2017 with construction commencing around mid-2017. Construction completion is expected to be in the last quarter 2019. The fit-outs of the Movie Museum and the Convention Centre are expected to commence in mid-2019.

The table below outlines the proposed implementation programme for the project, noting that all of these dates are dependent on the timing of Council's approval of the project and subsequently TMML confirming their approval through the execution of the agreement to lease.

Proposed key milestone	Target completion date
Approval of the Final Business Case	August 2016
TMML Agreement to Lease	September 2016
Preliminary Design	September 2016
Developed Design	December 2016
Building Consent (x3: Demolition, In-ground piling and Structure/services/architecture)	December 16 – June 2017
Detailed Design	May 2017
Resource Consent	January 2017
Site Establishment	February 2017
Practical Completion	December 2019

8.2. Risk Management

This section focuses on the approach to managing risk and how risk will be managed throughout the project. The key risks associated with the project have been identified and these are recorded in the Consolidated Risk Register set out in Appendix A.

It is worth noting that risk assessment is performed prior to risk mitigation strategies being considered. Once risk mitigation strategies have been executed the consequences to Council should be reduced to now fall within acceptable risk levels of low to moderate.

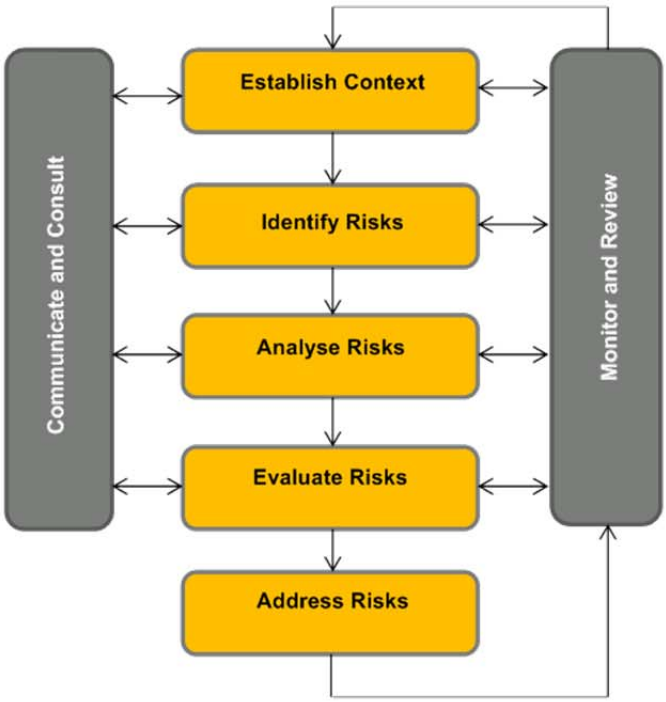
8.2.1. Risk Management Process

Risk management will be embedded into the project and will involve:

- Early and ongoing identification of risks to the project
- Analysis of the consequences of each identified risk
- Assessing the likelihood or probability of the risk eventuating
- Evaluating the significance, impact and materiality of each risk to identify those needing active mitigations
- Developing mitigation strategies and action plans to reduce, eliminate or avoid/transfer (or otherwise manage) the identified risks

The diagram[13] below illustrates the risk management process that will be adopted and maintained for the project.

[13] ISO 31000:2009

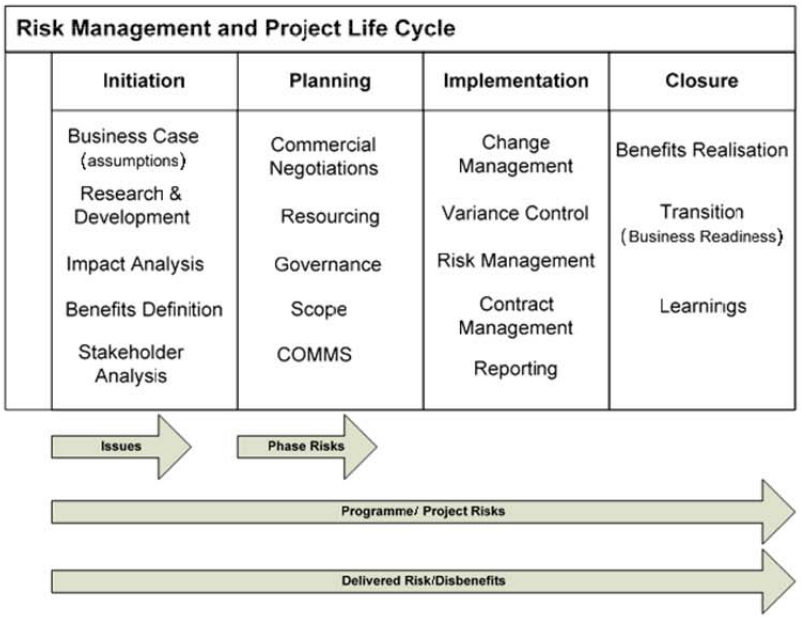


Project risks will be categorised by the likelihood and the consequences of their occurrence using the Council standard risk matrix set out below.

Risk matrix

		Consequence				
Risk Likelihood	**Likelihood**	**Insignificant**	**Minor**	**Moderate**	**Major**	**Extreme**
The event can be expected to occur (95% or higher)	Almost Certain	Moderate	High	Critical	Critical	Critical
The event will probably occur (65% to 95% chance)	Likely	Moderate	High	High	Critical	Critical
The event might occur at some time (35% to 65% chance)	Possible	Low	Moderate	High	High	Critical
The event could occur (5% to 35% chance)	Unlikely	Low	Moderate	Moderate	High	High
The event may occur in exceptional circumstances (<5% chance)	Rare	Low	Low	Low	Moderate	Moderate

As with any project, as the project progresses some risks fall away, and new risks present. The following table outlines the stages of risk over the lifecycle of a project such as this:



8.2.2. Post Project Evaluation Planning

A post project evaluation will be conducted which will review the project from business case through to delivery of the benefits detailed in the business case . This evaluation would be conducted following the first twelve months of the project delivery which will be assessed as being the opening of the Convention Centre and Movie Museum. The purpose of the evaluation will be to confirm that the facilities are operating as intended and the project has delivered on the project outcomes including an early assessment of the benefits and services proposed in the business case

8.3. Operational management arrangements

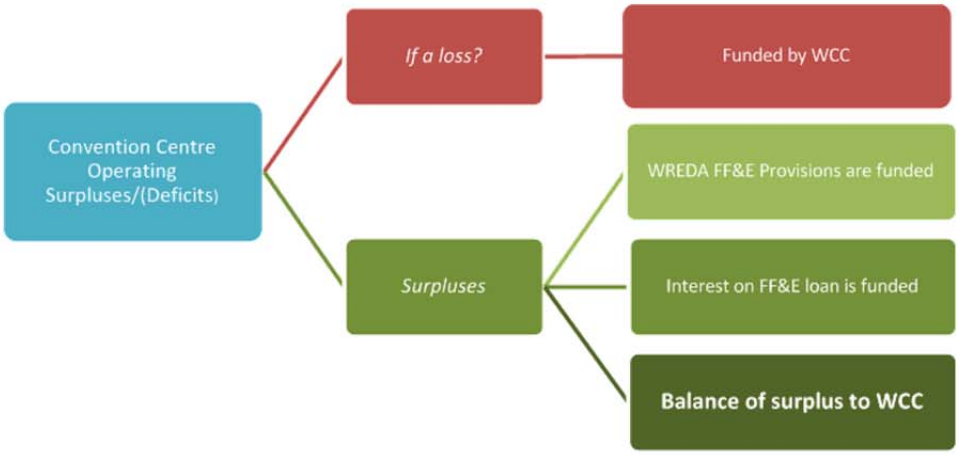
8.3.1. Convention Centre

A key principle of this proposal is that WCC will own and that WREDA (PWV) will operate the Convention Centre, therefore avoiding any third party management fees. WCC also has the option however to go to the market for a third party operator. It is recommended that WREDA be the operator of choice for the following reasons:

- Under an independent build own structure Council has full control over the operations of the facility
- WREDA (PWV) creates the best value for ratepayers as they do not retain management fees or have any surplus share arrangements – all operating surpluses of PWV flow back to Council
- WREDA (PWV) as an established operater enables the addition of the new Convention Centre without significant additional overhead structures.
- Using WREDA (PWV) eliminates any competitive tension in the market place on pricing of facilities to win business. Whilst good for the consumer, it can erode the value add to ratepayers.

- WREDA (PWV) are well respected operators in the NZ convention market and as an integral part of WREDA are well positioned to drive attraction of business events to the city.
- WCC has the ability to change operational structure to respond to the market during the life of the Convention Centre so retains all flexibility and control in this area.

The diagram below describes how the operating model would work under a WREDA structure:



8.3.2. Movie Museum

As previously described, WCC will act solely as the lease holder / landlord of the Movie Museum (and TMML as the lessee / tenant). As such, WCC will have no involvement in the operation of the Movie Museum and TMML would assume all operational management roles, risks and responsibilities.

The table below details key stakeholders within TMML. It is important to note that these individuals have significant credibility and influence within the New Zealand film industry as well as a proven record of success associated with designing and delivering film related attractions (as evidenced by the Weta Cave Workshop Tour and Hobbiton, which were described in more detail earlier in this report).

Stakeholder name	Organisation / tile	Role associated with the Movie Museum
Sir Peter Jackson	The Movie Museum Limited, Director	Shareholder, Lessee and operator
Sir Richard Taylor	The Movie Museum Limited, Director	Shareholder, Lessee and operator
Frances Walsh	The Movie Museum Limited, Director	Shareholder, Lessee and operator
Tania Rodger	The Movie Museum Limited, Director	Shareholder, Lessee and operator
George Hickton	The Movie Museum Limited, Project Director	Project team and Advisory Board

8.4. Other options considered

WCC has considered the following alternative options to deliver larger scale and purpose built convention facilities for Wellington. These options include:

- The 2014 Hilton Hotel and Convention Centre lease proposal on Cable Street (and also on a Centreport site)
- A build option on the Michael Fowler Centre carpark (adding exhibition halls and some foyer/breakout space to complement the MFC/Town Hall offering)
- Other public private partnership options on Cable St

All of these proposals were unsuccessful either in feasibility, delivery stage or in negotiating acceptable commercial terms so are now "off the table".

WCC has also considered many options and sites to house the movie musuem - this business case is for an initiative between TMML and WCC and has been evolving over a significant period of time. Eight other sites around the Wellington region have been investigated and ruled out for various reasons as described in Appendix D.

The Cable Street site is preferred as a result of its central location, proximity to Te Papa, and its likely consentability and public appeal. Its proximity to Te Papa and its easy access to hospitality is a particular strength, and is expected to maximise cluster benefits for the city.

Scale
The scale of the offering is influenced by the needs of TMML as the project originators and operators – the minimum requirements are a 10,000m^2 exhibition space with 8-10 metre stud height. No suitable existing buildings provide for these requirements.

Delivery
Several construction delivery options have been considered for the project, which include different levels of WCC participation and risk.

- Private sector funds, builds, owns and manages the development and leases the building to WCC
- WCC funds builds, owns and manages the development
- WCC funds, owns and manages the development, using Willis Bond, a specialist property development manager, to oversee the construction project

When comparing the costs of these three options under a public private partnership (PPP) arrangement versus a WCC build and own model it became apparent the lease terms under a PPP were not the financially favourable position on these new schemes. Commercial terms around a PPP/lease arrangement were simply not providing good value for money for ratepayers.

The preferred option from a risk/cost perspective is therefore the third option for WCC to fund, own and manage the development utilising a specialist development manager to deliver the project. This combination matches WCC's balance sheet strength and AA credit rating in terms of funding and Willis Bond's expertise as a development manager to minimise the delivery risks of a significant and bespoke construction project[14].

We also have agreement and excitement from TMML that this site and building development meets their needs and aspirations for the Movie Musuem. To have all parties involved in agreement and agreeing to the feasibility of the project is a critical component to the proposal.

Additionally site analysis has been undertaken, and a key for a convention centre's success is its proximity to other ammenities. The benefits of the development on the Cable Street site are:

[14] This does not discount the future possibilities to sell and lease back the building to a third party, or to consider different operating models for the facility should future analysis and evaluation change this position.

- Large land area footprint - allows a single level flat floor space larger than most other sites
- Proximity to hotels – the Cable Street site is easy walking distance from a good range of existing accomodation (Museum Hotel, Amora Hotel, Copthorne Oriental Parade, West Plaza, Intercontinental), and also possible future hotel development sites.
- Proximity to Te Papa – allows operating synergies and co-hosting opportunities between the two venues, and a fantastic activity for delegates in break time
- Proximity to waterfront – provides delegates with a world class recreation space to enjoy in a break from conventions, or while in Wellington
- Proximity to CBD, Courtney Precinct and Tech Hub – provides easy access for delegates to do business and entertain while in the city
- Stimulus for the regeneration of this area of the city which is a primary gateway to the city and an area with several vacant lots and dilapidated buildings.

These key site characteristics meant other options simply did not stack up as preferable to this location or method of delivery for the site.

Appendix A.Consolidated Risk Register

Risk Areas	Risk description	Risk mitigation
Convention Centre	• Utilisation rates fall below the performance projections in the business case • Operating costs exceed the projections in the business case • Financial performance of the Convention Centre falls below the performance projections in the Business Case.	• Event projections and delegate numbers independently assessed. • Appropriate funding provided for marketing the venue before opening and thereafter. • Venue operated through WREDA to leverage off existing cost base and with active strategies to achieve targets • Regular monitoring of the utilisation and financial performance of the centre.
Movie Museum visitation	• Actual visitor numbers and revenues do not meet TMML expectations resulting in financial pressure that impacts exhibition maintenance and renewals or early lease termination.	• Visitor number projections set at conservative levels. • Independent assessment of visitor number projections. • Lease exit conditions clearly set out in terms to provide long lead times. • [redacted] • Significant investment by TMML who will operate active strategies to achieve visitor targets • TMML has planned and provided for exhibitions to be regularly updated and refreshed together with temporary exhibitions.
Impact on City's other venues	• The new Convention Centre attracts business away from the existing Wellington venues resulting in reduced utilisation and increased costs at those venues.	• One of the strategic reasons for the investment in new convention facilities is to maintain the city's existing share which is expected to reduce as new capacity comes on stream elsewhere in New Zealand. • The economic case is based on attracting new events to the city rather than displacing existing events • The primary convention space is Shed 6 which is a temporary venue • The utilisation rate of the City's other venues will be monitored closely to understand any adverse displacement impacts. • The existing city venues are multi-purpose and are also managed by WREDA who are charged with utilising all of the venues under their

Risk Areas	Risk description	Risk mitigation
		management.
Project Governance and Management	• Lack of clear decision making at a Governance level leading to project delays and cost increases. • Poor project planning resulting in delays, cost increases, quality issues, fit for purpose issues and reputational concerns. • Poor project oversight and cost management resulting in delays, cost increases and delivery issues.	• A formal project governance structure has been implemented incorporating a Project Steering Group with clear terms of reference. • Willis Bond will provide independent and experienced development management oversight. • Good practice project management including regular reporting and alignment of payments to progress will be implemented.
Contractual	• Delays in completing the key legal agreements for the project including the:- ○ Development management agreement (DMA) with Willis Bond; and ○ Agreement to lease (ATL) with TMML Resulting in project delays as project commencement cannot start until these are finalised.	• The Development Management Agreement is complete and has been reviewed by Bell Gully and also XIGO our procurement advisors. • The Development Management Agreement [redacted] awaits Council execution. • The key commercial terms of the Agreement to Lease with TMML have been agreed and execution by TMML is conditional [redacted].
Procurement	• Procurement processes and monitoring not in accordance with the procurement strategy to deliver value for money. • Perception that the construction contracts for these type of projects should be tendered as opposed to the early contractor involvement route selected resulting in process challenge and potential reputational issues	• The Development Management Agreement has as one of its core purposes is to deliver value for money. • The early contractor involvement procurement route has delivered confidence around buildability, cost and provided value engineering and design cost focus. • The procurement method and approach has been reviewed by Bell Gully and also been subject to an independent review by Constructing Excellence (NZ) who specialise in this area. Both of these reviews find the approach is appropriate and in accordance with Council's procurement policies. • Key subcontractors will be procured through a competitive tender process. • A range of processes and procedures have been incorporated into the procurement plan around the delivery, monitoring and reporting of vfm. • Independent advice has been provided, and will continue, by XIGO

Risk Areas	Risk description	Risk mitigation
		to ensure a robust process is in place
Construction	• Construction costs are higher than planned resulting in an increased project cost or jeopardising the project quality or feasibility. • Delays to the construction programme resulting in risks to the tenants programmes, project costs and reputation. • Market cost escalation during the time from project approval and contract certainty resulting in higher construction costs • Poor construction quality resulting in issues with respect to the tenant programmes, reputational consequences and increased whole of life costs.	• All construction estimates have been and will continue to be subject to independent review by a Quantity Surveyor (QS). • Throughout the design process there will be regular cost estimate updates by the contractor and independent QS. • Close management of design during the design process to minimise scope creep and the potential for variations. • Independent review and validation of design documentation to identify issues or gaps before detailed designs are finalised. • The procurement strategy for the construction contract is based on a fixed price lump sum to maximise cost certainty. • Use of industry standard contracts and terms. • Independent reviews of the construction contract by legal, QS and the engineer to the contract. • Utilisation of LT McGuinness as the construction contractor known for their quality and integrity. • Utilisation of Willis Bond as the Development Manager known for timely delivery of quality developments, terms of engagement reflecting the requirement to deliver vfm. • Processes and controls will be implemented around the approval of any variations following preliminary design. • Cost escalation will be actively monitored and managed with strategies adapted to allow cost control and keeping the Steering Group informed.
Design	• Design costs are higher than planned resulting in an increased project cost or jeopardising the project quality or feasibility. • Delays to the design programme resulting in risks to the tenants programmes, project costs and reputation. • Design defects resulting in additional project costs, delays and reputational	• All design consultants locked into fixed fee arrangements to the fullest extent practicable before next phase of design commences. • Clarity sought over design requirements of tenants to minimise the potential for design changes following preliminary design. • Regular reviews of the design documentation during the design

Risk Areas	Risk description	Risk mitigation
	issues. • Inappropriate or sub-standard materials used on the project resulting in increased whole of life costs. • Façade designs take longer to finalise than anticipated resulting in delays to the programme and associated cost implications. • The Convention Centre designs are not fit for purpose and do not meet the needs and requirements of the conference and event markets resulting in negative publicity around the centre and lower utilisation. • The surrounding urban areas, including capacity for safe and efficient visitor egress including road crossing, are insufficiently developed negatively impacting on the venues reputation and ultimately utilisation.	phase by the Development Manager, Construction Contractor, Contract Engineer and QS. • Engage only leading design consultants familiar with local conditions. • Peer reviews of key design elements including façade and structural. • Good practice maintenance of design risk register to identify areas requiring further review. • Processes and controls will be implemented around the approval of any variations following preliminary design. • Agreed strategy to proceed with proven materials only, with detailed review of key material selections. • WREDA are part of the PCG to ensure the convention design delivers on expectations. • Independent review and validation of the Convention Centre design to ensure fit for intended purpose. • Clear urban design strategy incorporating connections, transport impacts and visitor egress developed and implemented.
Tenant	• Tenants not fully committed upon the commencement of the next design phase resulting in project delays and cost increases. • Tenant obligations for fit-out and on-going costs are not defined adequately at the outset resulting in potential disputes, programme delays, added costs and reputation issues. • Tenants cause delays through the design approval processes resulting in delays in approving the base build design resulting in project delays and potential cost increases. • Tenant fit-out delays resulting in overall project delays, uncertainty around opening dates, associated financial impacts and potential reputational issues. • Tenant failure to complete the proposed fit-outs in line with the expectations of the respective Business Cases impacting on the financial projections and financial viability and introducing potential significant reputation damage.	• Term sheet agreed with TMML setting out the key commercial terms that will be incorporated into the Agreement to Lease. • Agreement to Proceed executed reaffirming the commitment of TMML to the project, the key commercial terms and confirming the Business case assumptions remain materially unchanged. This is subject to TMML confirming [redacted]. • Final unconditional ATL in place as close as possible to the Council project approval and before developed design commences. • The ATL will incorporate specific design sign off processes and timelines. • TMML have been and will continue to be part of the Project Control Group (stakeholders). • Independent review of the tenant fit-out design and programme to assess the fit with the project timelines. • Timeframes to complete fit-out incorporated within the ATL.

Risk Areas	Risk description	Risk mitigation
		• [redacted] and to comply with the ATL.
Legal	• Failure or delays in obtaining resource consents and building consents jeopardising the project, causing delays in the programme with resultant increased costs. • Failure to meet Health & Safety responsibilities resulting in breaches of legal obligations causing delays in the project, harm to workers/public and consequential fines for breaches. • Failure to obtain clear access to the site within the construction commencement programme and through the tenant fit-out periods resulting in project delays with cost implications.	• Full review of resource consent risks during preliminary design phase. • Early engagement with regulatory authorities around any consenting issues identified. • Regular monitoring and reporting through the PCG's and Steering Group. • Documented Health & Safety strategy and plan in place. • Processes in place to review, approve and monitor contractor health & safety plans and performance. • Regular independent health & safety audits and inspections on site by the Development manager and WCC representatives. • Full review of existing tenancy arrangements and appropriate notice programme with clear pathway for issuing termination notices in place.
Funding	• The Building and the Convention Centre fit out will be funded through an increase in Council borrowings. The funding costs associated with the borrowings are a significant cost of the project and are subject to adverse movements in funding costs over time. • The project results in Council exceeding the Financial Strategy set out in the 2015-2025 Long term Plan.	• Long-term funding and hedging strategy (first 15 years) and programme developed with independent advice from PWC and ANZ. • Funding strategy aimed at reducing funding and funding cost risks. • Variations to the Long Term Plan have been consulted on and an amendment to the LTP will be proposed following AuditNZ review.
Financial	• The key financial risks are; capital cost overrun; adverse funding cost movements, lower than projected contributions from the Convention Centre; lower than projected financial returns to TMML; and whole of life costs being higher than planned.	• The key financial risks arise out of the individual or combined risks noted above. The identified mitigations and a commitment to ongoing and pro-active risk management will be used to minimise the adverse effects of the risks identified and future risks. • Strong project governance and financial monitoring and reporting processes will be in place.
TMML early Lease termination	• While TMML are signing up to a 25 year lease commitment there is a risk through that period that if the museum	• TMML are credible partners with international reputations and successful enterprises.

Risk Areas	Risk description	Risk mitigation
	fails to perform financially that TMML may seek to terminate the lease early leaving Council with 10,000sqms of building space and no lease revenue.	• The longevity and the popularity of their works and the success of Hobbiton are positive factors. • [redacted]. • Alternative uses around economic generating activities, divestment or re-purposing would be explored.
TMML do not commit to the Agreement to Lease	• Until TMML commit unconditionally to the ATL then the risk is that the project does not proceed. • The Agreement to Proceed is conditional on [redacted] is in place then the project will not proceed.	• Alternative options would be explored which would include the sale of the land, the construction of the Convention Centre within a different development configuration. • [redacted].

Appendix B. Financial Operating Projections

Horwath Base Case Operating Scenario

Revenue projections

The Convention Centre is expected to generate revenue from four sources:

- Space rental revenue, where conventions and other business event organisers will rent the floor space within the Convention Centre. Assumed rental revenue ranges from $20,000 per day for large conferences (increasing by 1% per annum), down to $6,000 per day for smaller events (increasing by 2% per annum) which may occur concurrently.
- Catering revenue, expected to cover more than half of the total revenue for the centre.
- Labour and general services, comprising a small portion of total revenue.
- Technical support services; these are expected to be subcontracted through an external provider, ranging from $20,000 per day for large conferences to $7,500 per day for smaller events (increasing by 4% per annum).

Revenue has been allocated on a per event day basis; The table below shows a breakdown of total revenue across revenue area and event type. When the centre is operating at full capacity, the centre is expected to generate more than $20 million per year in revenue.

Total venue revenue projections ($000)

Event type	*Yr 1*[1]	*Yr 2*	*Yr 3*	*Yr 4*	*Yr 5*	*Yr 6*	*Yr 7*	*Yr 8*	*Yr 9*	*Yr 10*	*Yr 11*
Events / year	124	297	319	341	359	373	373	373	373	373	373
Event days / year	174	418	459	500	533	556	556	556	556	556	556
By revenue type											
Space rental	$1,003	$2,406	$2,900	$3,409	$3,810	$4,098	$4,174	$4,251	$4,330	$4,410	$4,492
Catering revenue	$2,316	$5,559	$7,118	$8,716	$10,145	$11,244	$11,559	$11,884	$12,217	$12,560	$12,913
Labour & general	$160	$384	$467	$553	$625	$680	$697	$714	$732	$751	$769
Technical services	$1,128	$2,706	$3,256	$3,843	$4,343	$4,742	$4,920	$5,105	$5,297	$5,496	$5,703
Total Revenue	**$4,606**	**$11,055**	**$13,740**	**$16,566**	**$18,923**	**$20,763**	**$21,350**	**$21,954**	**$22,576**	**$23,217**	**$23,877**
By event type											
Conferences	$2,920	$7,009	$8,868	$10,828	$12,365	$13,439	$13,831	$14,235	$14,652	$15,082	$15,525
Day meetings	$453	$1,088	$1,119	$1,151	$1,185	$1,219	$1,254	$1,291	$1,328	$1,367	$1,407
Banquets	$743	$1,784	$2,428	$3,105	$3,728	$4,290	$4,403	$4,520	$4,640	$4,764	$4,890
Sundry events	$490	$1,175	$1,325	$1,482	$1,645	$1,816	$1,861	$1,908	$1,956	$2,005	$2,055
Total revenue	**$4,606**	**$11,055**	**$13,740**	**$16,566**	**$18,923**	**$20,763**	**$21,350**	**$21,954**	**$22,576**	**$23,217**	**$23,877**
Revenue / attendee	*$102*	*$102*	*$107*	*$112*	*$116*	*$120*	*$123*	*$126*	*$130*	*$134*	*$137*

[1] *Note year one is 5 month equivalent of year 2 calculated by WCC*

Source: Horwath HTL(years 2-11)

Variable operating costs

Three sources of variable operating costs relating to the convention venue have been identified:

- Catering costs, assumed to cover all catering preparation and service staff costs, food costs, and other direct catering consumables and expenses.
- Direct staff costs, reflecting additional services staff costs
- Technical services costs, including the costs of technical services provided by a third party provider, and also rentals of technical equipment.

The table below shows the expected profile of variable costs of the Convention Centre over the ten year period.

Variable operating costs

$'000	Yr 1[1]	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10	Yr 11
Catering costs	1,853	4,447	5,623	6,834	7,812	8,545	8,785	9,032	9,285	9,546	9,814
Direct staff costs	136	326	392	459	512	551	564	579	593	608	623
Technical services costs	1,015	2,435	2,897	3,382	3,778	4,078	4,231	4,390	4,555	4,727	4,904
Total variable costs	**3,004**	**7,209**	**8,913**	**10,675**	**12,102**	**13,174**	**13,581**	**14,000**	**14,433**	**14,880**	**15,341**
% of total revenue	*67%*	*67%*	*66%*	*66%*	*65%*	*65%*	*65%*	*65%*	*65%*	*65%*	*65%*

[1]*Note year one is 5 month equivalent of year 2 calculated by WCC*

Source: Horwath HTL(years 2-11)

Fixed operating costs

Fixed operating costs are allocated over a range of areas, including:

- Overhead salaries & wages
- Staff costs & training; recruiting costs uniforms training and general support.
- Administration & general; accounting and other professional fees, IT, office software and licensing, security and other misc costs.
- Sales and marketing; direct convention centre costs including travel, online marketing etc.
- Cleaning and energy; contracted cleaning services, and utilities.
- Repairs and maintenance; routine maintenance of leased assets (does not include capital asset replacements).
- Contingency

The table below shows the total estimated fixed operating costs of the Convention Centre over the ten year period.

Fixed operating costs

$'000	Yr 1[1]	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10	Yr 11
Overhead salaries & wages	375	900	923	946	969	993	1,018	1,044	1,070	1,097	1,124
Staff costs & training	31	75	78	80	83	86	88	90	91	93	95
Administration & general	313	750	765	780	796	812	828	845	862	879	896
Sales & marketing	208	500	518	536	554	574	591	609	627	646	665
Cleaning	146	350	368	386	405	425	438	451	465	479	493
Energy	208	500	525	551	579	608	626	645	664	684	705
Repairs and maintenance	208	500	510	520	531	541	552	563	574	586	598
Contingency	63	150	155	159	164	169	172	176	179	183	186
Total fixed operating costs	**1,552**	**3,725**	**3,840**	**3,959**	**4,081**	**4,209**	**4,314**	**4,422**	**4,532**	**4,646**	**4,762**

[1]*Note year one is 5 month equivalent of year 2 calculated by WCC*

Source: Horwath HTL(years 2-11)

Management fees

Management fees are not payable under the proposed operator of WREDA (PWV). Should a private operator be appointed management of the centre, management fees comprising the following should be expected:

- A base fee of 2% of total revenue (not including technical services)
- An incentive fee of 8% of gross operating cashflow (after deduction of base fee) from year 2 onwards.

The table below shows the cost of these indicative management fees over the ten year operating period:

Management fee estimates

$'000	Yr 1[1]	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10	Yr 11
Base fee	72	172	217	264	303	334	342	351	360	370	379
Incentive fee	-	-	62	134	195	244	249	254	260	266	272
Total management fees	**72**	**172**	**279**	**397**	**498**	**578**	**591**	**606**	**620**	**635**	**651**

[1]Note year one is 5 month equivalent of year 2 calculated by WCC

Source: Horwath HTL(years 2-11)

By WREDA (PWV) operating the venue, in effect there are savings of $651,000 by the tenth year of operation. Note these management fees are not included in any of the financial summary projections included in section 6 and purely noted to outline the cost of an alternative operating structure.

Property costs

Property costs for the new venue comprise rates and insurance costs, estimated at $995,000 in year one, growing at between 1.8% and 3.5% per year. The table below shows the profile of the estimated property costs for the venue.

Property costs

$'000	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10	Yr 11
Rates	700	830	859	889	920	952	986	1,020	1,056	1,093	1,112
Insurance	63	154	157	160	163	166	170	173	176	180	183
Total property costs	763	984	1,016	1,049	1,083	1,119	1,155	1,193	1,232	1,273	1,296

Source: WCC

Other Operating Company Costs & Income

Also deducted from the Gross Operating Surplus of the centre is the FF&E renewal reserve, the interest charges on the loan to WCC for the FF&E purchase and a shared cost fee to PWV to account for any increased shared cost of their operations or structure that may result from managing new facility (calculated as 1.5% of revenue). Offsetting these partly is the sponsorship income anticiapted from taking the naming rights of the centre to the market. This was based on the naming rights revenue achieved at the TSB Arena.

Other Operating Company Costs & Income

$'000	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10	Yr 11
FF&E Renewal Reserve											
FF&E Loan Interest											
PWV shared cost fee											
Other property costs											
CC Pre-opening costs											
Naming rights and other revenue											
Net other property costs											

Source: WCC

Pre-opening costs

The centre will incur costs prior to opening in relation to marketing, staff recruitment, training, operating process development, menu creation. It is estimated that these costs will be $0.66 million.

Summary Financial Projections – first 10 years of operations

WELLINGTON CONVENTION CENTRE AND MOVIE MUSEUM
SUMMARY FINANCIAL PROJECTIONS

	Construction Period			Operations Period									
FY ending June	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**
Project Year	**Y-2**	**Y-1**	**Y0**	**Y1**	**Y2**	**Y3**	**Y4**	**Y5**	**Y6**	**Y7**	**Y8**	**Y9**	**Y10**
Building Ownership Costs:													
Interest - on construction cost	980,040	1,689,827	3,615,478	5,058,523	5,254,396	5,133,737	5,013,079	5,024,648	4,900,728	4,839,661	4,775,333	4,707,743	4,578,932
Interest - on FF&E Loan	-	-	13,021	132,458	185,000	185,000	185,000	190,000	190,000	192,500	195,000	197,500	197,500
Interest income from Operating Company	-	-	- 13,021	- 132,458	- 185,000	- 185,000	- 185,000	- 190,000	- 190,000	- 192,500	- 195,000	- 197,500	- 197,500
Depreciation (FF&E)	-	-	-	1,358,769	3,261,047	3,261,047	3,261,047	3,261,047	3,261,047	3,261,047	3,261,047	3,261,047	3,261,047
Total Depreciation + Interest	**980,040**	**1,689,827**	**3,615,478**	**6,417,292**	**8,515,443**	**8,394,784**	**8,274,125**	**8,285,694**	**8,161,775**	**8,100,708**	**8,036,379**	**7,968,790**	**7,839,979**
Rates	298,975	161,254	345,392	699,934	830,000	859,050	889,117	920,236	952,444	985,780	1,020,282	1,055,992	1,092,952
Insurance	-	-	-	62,732	153,569	156,640	159,773	162,968	166,227	169,552	172,943	176,402	179,930
Other building costs (not included above)	- 315,996	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Builidng Costs	- 17,021	161,254	345,392	762,667	983,569	1,015,690	1,048,890	1,083,204	1,118,671	1,155,332	1,193,225	1,232,394	1,272,882
Total Building Costs	**963,019**	**1,851,081**	**3,960,870**	**7,179,959**	**9,499,012**	**9,410,474**	**9,323,015**	**9,368,898**	**9,280,446**	**9,256,040**	**9,229,604**	**9,201,184**	**9,112,861**
Project Cost to the City (Rates Requirement)	**1,009,019**	**1,962,331**	**4,276,724**	**6,347,477**	**6,873,956**	**6,035,113**	**5,123,981**	**4,470,263**	**3,676,651**	**3,454,983**	**3,328,814**	**3,195,738**	**2,994,930**
Additional Rates Income	-	- 137,721	46,417	400,959	483,889	500,825	518,354	536,496	555,273	574,708	594,823	615,641	637,189
Net Project Cost to City (after growth impact)	**1,009,019**	**2,100,052**	**4,230,307**	**5,946,518**	**6,390,067**	**5,534,289**	**4,605,627**	**3,933,767**	**3,121,378**	**2,880,275**	**2,733,991**	**2,580,097**	**2,357,741**
Average from opening per annum (over 10 and 25 years)													**4,008,375**

Summary Financial Projections – last 15 years of operations to year 25

WELLINGTON CONVENTION CENTRE AND MOVIE MUSEUM
SUMMARY FINANCIAL PROJECTIONS

	Operations Period														
FY ending June	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Project Year	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Y21	Y22	Y23	Y24	Y25
Building Ownership Costs:															
Interest - on construction cost	4,450,121	4,453,151	4,456,180	4,656,030	5,048,898	5,409,156	5,237,951	5,180,985	5,124,020	4,952,815	4,781,610	4,610,405	4,439,200	4,443,227	5,033,126
Interest - on FF&E Loan	197,500	197,500	197,500	212,500	237,500	262,500	262,500	262,500	262,500	262,500	262,500	262,500	262,500	262,500	262,500
Interest income from Operating Company	- 197,500	- 197,500	- 197,500	- 212,500	- 237,500	- 262,500	- 262,500	- 262,500	- 262,500	- 262,500	- 262,500	- 262,500	- 262,500	- 262,500	- 262,500
Depreciation (FF&E)	3,261,047	3,261,047	3,261,047	3,261,047	3,261,047	3,261,047	3,261,047	3,261,047	3,261,047	3,261,047	3,261,047	3,261,047	3,261,047	3,261,047	3,261,047
Total Depreciation + Interest	**7,711,168**	**7,714,197**	**7,717,227**	**7,917,077**	**8,309,945**	**8,670,203**	**8,498,998**	**8,442,032**	**8,385,066**	**8,213,861**	**8,042,656**	**7,871,451**	**7,700,247**	**7,704,273**	**8,294,173**
Rates	1,112,407	1,132,208	1,152,361	1,172,873	1,193,750	1,214,999	1,236,626	1,258,638	1,281,042	1,303,845	1,327,053	1,350,675	1,374,717	1,399,187	1,424,093
Insurance	183,133	186,393	189,711	193,088	196,525	200,023	203,583	207,207	210,895	214,649	218,470	222,359	226,317	230,345	234,445
Other building costs (not included above)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Buildng Costs	1,295,540	1,318,601	1,342,072	1,365,961	1,390,275	1,415,022	1,440,209	1,465,845	1,491,937	1,518,494	1,545,523	1,573,034	1,601,034	1,629,532	1,658,538
Total Building Costs	**9,006,708**	**9,032,798**	**9,059,299**	**9,283,038**	**9,700,220**	**10,085,225**	**9,939,207**	**9,907,877**	**9,877,003**	**9,732,355**	**9,588,179**	**9,444,485**	**9,301,281**	**9,333,805**	**9,952,711**
[redacted]															
[redacted]															
Project Cost to the City (Rates Requirement)	**2,803,517**	**2,775,483**	**2,745,383**	**2,926,513**	**3,310,062**	**3,660,390**	**3,453,632**	**3,360,482**	**3,266,687**	**3,057,997**	**2,848,640**	**2,638,605**	**2,427,877**	**2,391,678**	**2,940,636**
Additional Rates Income	648,531	660,075	671,824	683,783	695,954	708,342	720,950	733,783	746,845	760,138	773,669	787,440	801,457	815,723	830,242
Net Project Cost to City (after growth impact)	**2,154,986**	**2,115,409**	**2,073,559**	**2,242,731**	**2,614,108**	**2,952,048**	**2,732,682**	**2,626,698**	**2,519,842**	**2,297,859**	**2,074,971**	**1,851,165**	**1,626,421**	**1,575,955**	**2,110,394**
Average from opening per annum (over 10 and 25 years)															**2,946,103**

Appendix C.Building Opex Costs

As building owners, WCC will be responsible the following building ownership costs:

- rates
- insurance

These costs are budgeted as separate items in the financial models.

Other costs WCC is responsible for will be funded from the Convention Centre operating budgets:

- general maintenance
- WCC fees and levies
- building WOF
- fire service levies
- generator testing and operating cost/maintenance
- base building security
- exterior cleaning
- any central plant air conditioning
- common area energy charges
- and any other common operating expense.

Appendix D. Movie Museum Location options

There were nine options considered to be the location of the proposed Convention Centre and Movie Museum complex – there are:

A. Cable Street, Wellington Central
B. Shed 1, Customhouse Quay, Wellington Waterfront
C. Frank Kitts Park, Customhouse Quay, Wellington Central
D. Barnett Street, Wellington Central
E. TSB Area, Customhouse Quay, Wellington Central
F. Tory Street, Wellington Central
G. Centre Point, Waterloo Quay, Thorndon
H. Shelly Bay, Miramar
I. Lyall Bay

At present, the preferred and most viable option is the Cable Street site which has been purchased by WCC to secure this. The five key criteria for assessing the viability of each option are:

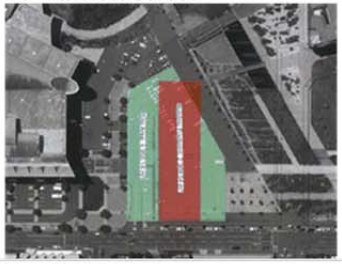
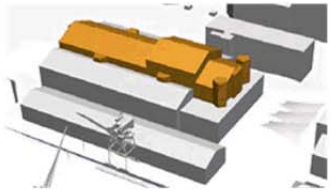
1. Sufficient space available for car parking or alternative transport solutions (i.e. close of public transport or existing parking facilities)
2. Sufficient land area (able to accommodate a building gross floor area of 10,000 sqm - which can be achieved via a multi-level building)
3. Acceptable levels of risk associated with the site itself (i.e. risk of natural disaster, risks associated with existing buildings / infrastructure etc.)
4. Acceptable (low – moderate) level of risk pertaining to the ability to obtain resource consent
5. Central Wellington location and high level of public appeal or 'wow factor'

With reference to the five criteria, the key features of each option are described in the table below. Cells shaded in pink indicate failure to meet the applicable criteria; cells shaded in orange indicate potential failure to meet the applicable criteria. Any option that fails to meet a single criteria (shaded in pink) is considered to be a non-viable option.

Of the nine site options, two are considered to be viable – these are: (A) Cable Street, and (C) Frank Kitts Park. With respect to the assessment criteria described above, the Cable Street site meets all five criteria. Frank Kitts Park meets four of the five criteria – but presents moderate risk with respect to obtaining resource consent and higher costs..

Movie Museum Location assessment as at 13 April 2015

Location	Car parking	Site area	Costs	Site risks	Resource consent risk	Public appeal	Viable option
A. Cable Street 	There is no car parking on site provided by city parking in close proximity and/or public transport	5,588sqm	$68.8m	Moderate risk from earthquake, tsunami	Low risk Objections unlikely	Central location Development of a vacant site opposite Te Papa – high public appeal	✔
B. Shed 1 	There is no car parking on site provided by city parking in close proximity and/or public transport	2,358sqm (excluding the surrounding wharf)	Land: Nil – owned by WCC Building: $75m Total Cost: $75m	Moderate risk from earthquake, tsunami, storm surge and sea level rising	High risk Large building with sight line issues, waterfront objections likely and Environment Court likely	Central location Prominent site – high public appeal, but objections likely	✖
C. Frank Kitts Park 	There is no car parking on site provided by city parking in close proximity and/or public transport	9,100sqm	Land: Nil – owned by WCC Building: $76m Total Cost:$76m	Moderate risk from earthquake, tsunami, storm surge and sea level rising	Moderate risk Subterranean with intrusions, dual use of land and likely objections	Central location Dual use of land – playgrounds / park on top and complex below – high public appeal, but objections likely	✔

Location	Car parking	Site area	Costs	Site risks	Resource consent risk	Public appeal	Viable option
D. Barnett Street 	Some existing car parking available; there is the potential for both underground and ground level parking	4,958sqm	Land: $9m Building: $51-$55m Total Cost: $60-$64m	Moderate risk from earthquake, liquefaction and tsunami	High risk Objections likely	Central location Development of a vacant site – high public appeal, but objections likely	✖
E. TSB Arena 	Underground car parking facilities	6,000-7,000 sqm	Land: not quantified, there are issues pertaining to ownership of the basement carpark and retail frontage Building: $45-$50m Total Cost: not quantified	High risk site. Use of this site would require relocation of the TSB Arena. Column and foundation strengthening required to achieve 6,000-7,000sqm. There is risk of penetration from the under-water table basement system.	Medium risk	Central location TSB building has low public appeal. Modification likely to improve aesthetic	✖

Location	Car parking	Site area	Costs	Site risks	Resource consent risk	Public appeal	Viable option
F. Tory Street 		Unknown	Land: not quantified (currently owned by Te Papa) Building – $70m Total Cost: not quantified (but likely to exceed $76m)	High risk due to the fact that the existing building is not appropriate for Te Papa ownership	Unknown	Central location Close to Te Papa Moderate public appeal	✖
G. Centre Port 	The site is likely to have sufficient space for car parking facilities (to be determined)	5,000sqm	Land purchase $11m Building: $50-55m Total Cost: $62 - $67m	High risk due to poor quality of the land. As such, there is a higher risk of earthquake, tsunami, storm surge and sea level rising	Moderate risk Low quality land	Non-central location Unattractive location for local and tourists – but attraction for cruise passengers – low public appeal	✖
H. Shelly Bay 	The site has sufficient space for car parking facilities	22,770sqm	Land: $23-$34m Building: $25-$28m + site works of $4-$5m Total Cost: $52-$67m	Moderate risk associated with access issues and risk of earthquake, tsunami, storm surge and sea level rising	Medium risk	Non-central location Located close to other 'movie attractions' (Weta Cave) but not central – low / moderate public appeal	✖

Appendix E. What is a Movie Museum

Wellington has, for the past two decades, been synonymous with world-class film-making. And for much of that time, the driving force behind Wellington's success has been Sir Peter Jackson and Sir Richard Taylor and their partners Fran Walsh and Tania Rodger as well as the group of companies they established on the Miramar Peninsula.

Today, this once-cottage industry is now a thriving centre of film-making creativity and excellence, creating thousands of jobs for New Zealanders and attracting major film and television productions and some of the best directors, producers, actors, artists and technicians from around the world.

It is a testament to the quality of work that the Weta Group of Companies has generated and to Jackson and Taylor's commitment to develop their creative work in their home city, Wellington.

One project which has proven elusive to date has been a large-scale tourist destination which brings all the artistry and achievements together and showcases Wellington's impressive film-making credentials and the substantial collections that Peter and Fran, Richard and Tania have amassed.

The Movie Museum promises to inspire Wellingtonians and domestic and international visitors alike. It will span the award-winning, Hollywood-scale productions the Weta Group of Companies has helped bring to the big screen through to the earlier home-grown movies, and will also encompass one of the most valuable collections of Hollywood memorabilia anywhere in the world.

The long-anticipated Movie Museum will be created and operated by a new company, The Movie Museum Limited (TMML), established by its founders and investors. The Museum would be delivered in collaboration with Wellington City Council.

The Movie Museum will be a home for thousands of the priceless designs, props, models and set pieces from the numerous film productions, from whole worlds to single weapons, creatures to costumes, make-up to miniatures, vehicles and more -- an astonishing archive of Wellington filmmaking has been collected, curated and is ready to be shared.

The Movie Museum will be designed to appeal to a broad audience by offering a dynamic and immersive experience, bringing to life aspects of the films created by Sir Peter Jackson ad Sir Richard Taylor. The museum will fully utilise innovative technologies that will bring to life those aspects of film making that New Zealand has been recognised for, in particular special effects, make up and costumes.

It is expected that the Movie Museum will offer permanent and temporary exhibition spaces, a retail shop, café and permanent offices.

This a unique offering and opportunity for Wellington. It builds on New Zealand's reputation as an international centre for film production. It is backed by a highly credible team with a reputation for quality, and with recent success in visitor attractions at Hobbiton in Matamata and the Weta Cave in Miramar.

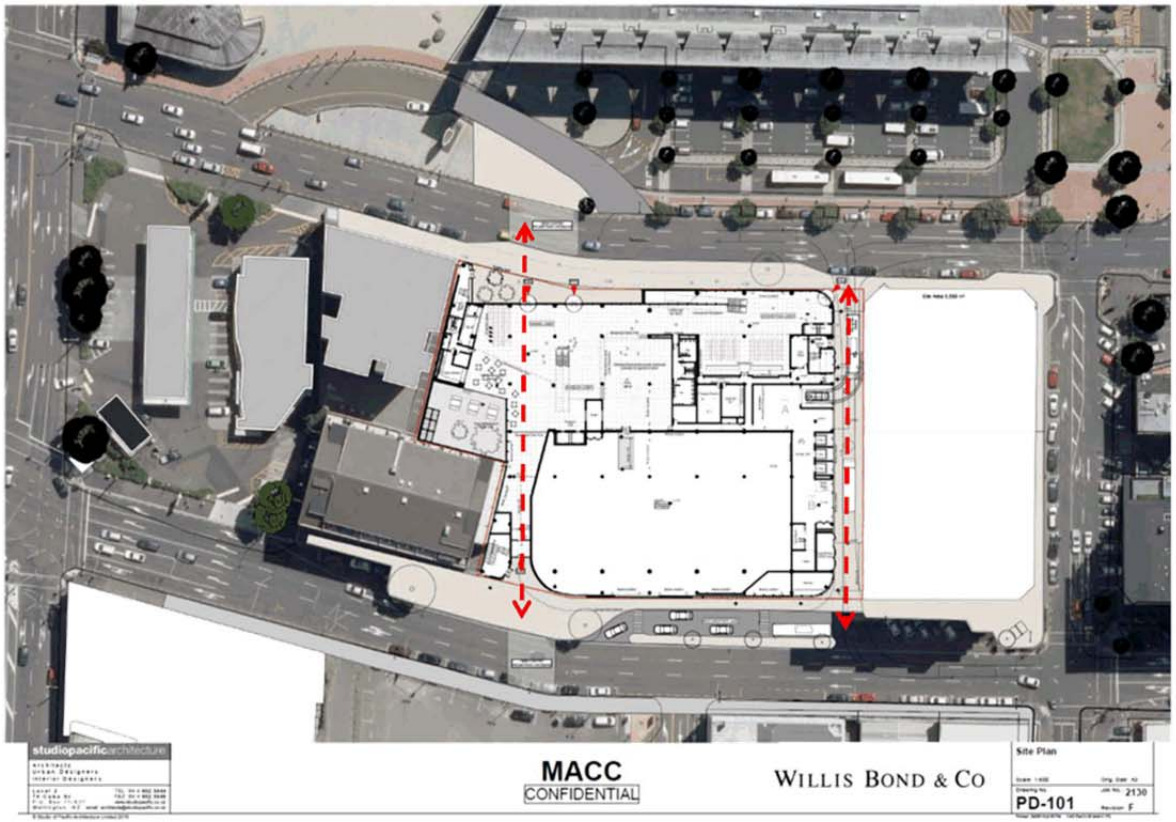
The Miramar Peninsula has been home to the Weta Group of Companies since they were founded and has hosted the many productions that have been based or filmed there, as well as many others that have called on the talented artists based in Wellington to help bring their film visions to life.

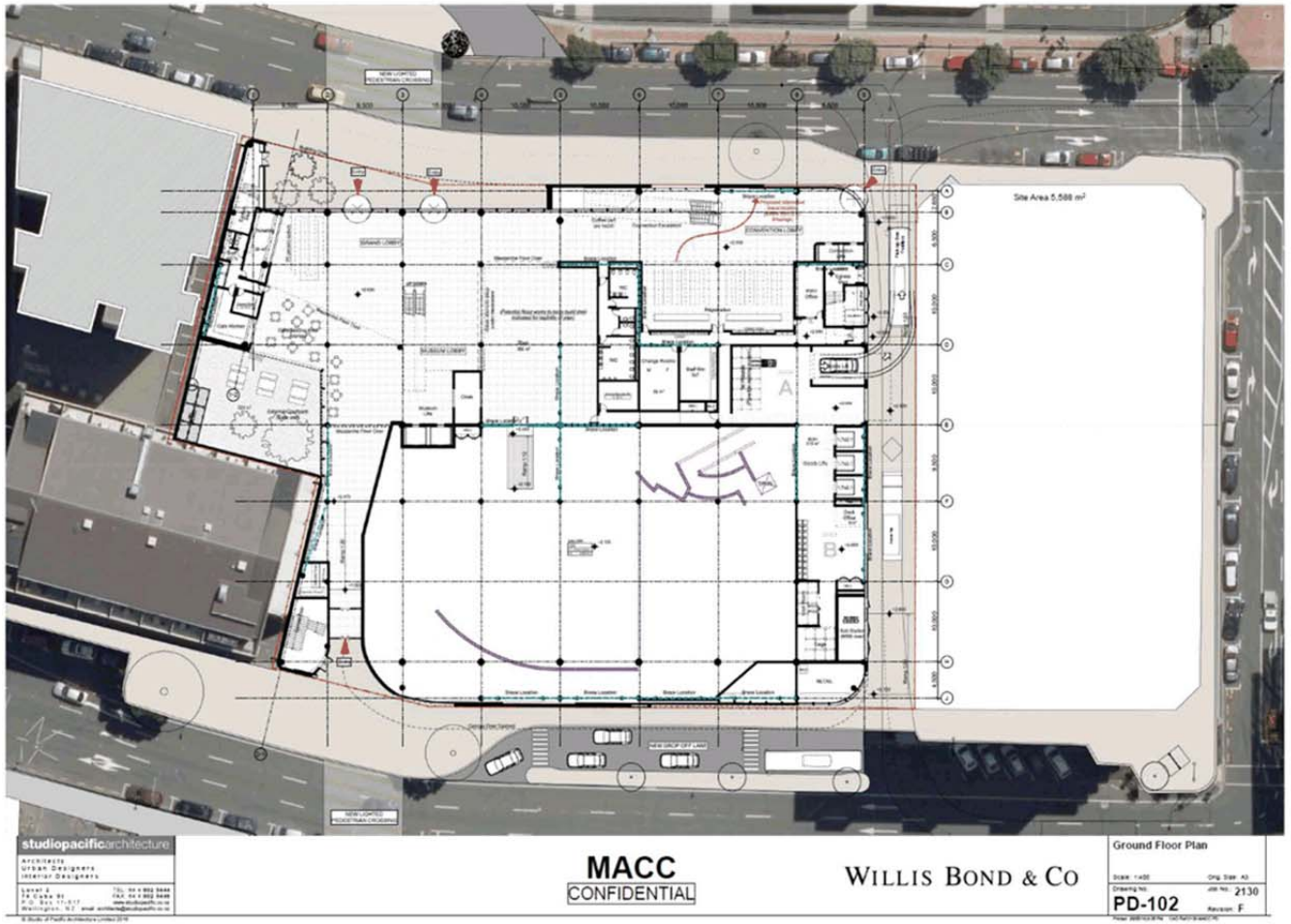
It is also the place that some 2,000 talented filmmakers and craftspeople call home and The Movie Museum will also celebrate their work, bringing the film industry closer to the people and communities which support it.

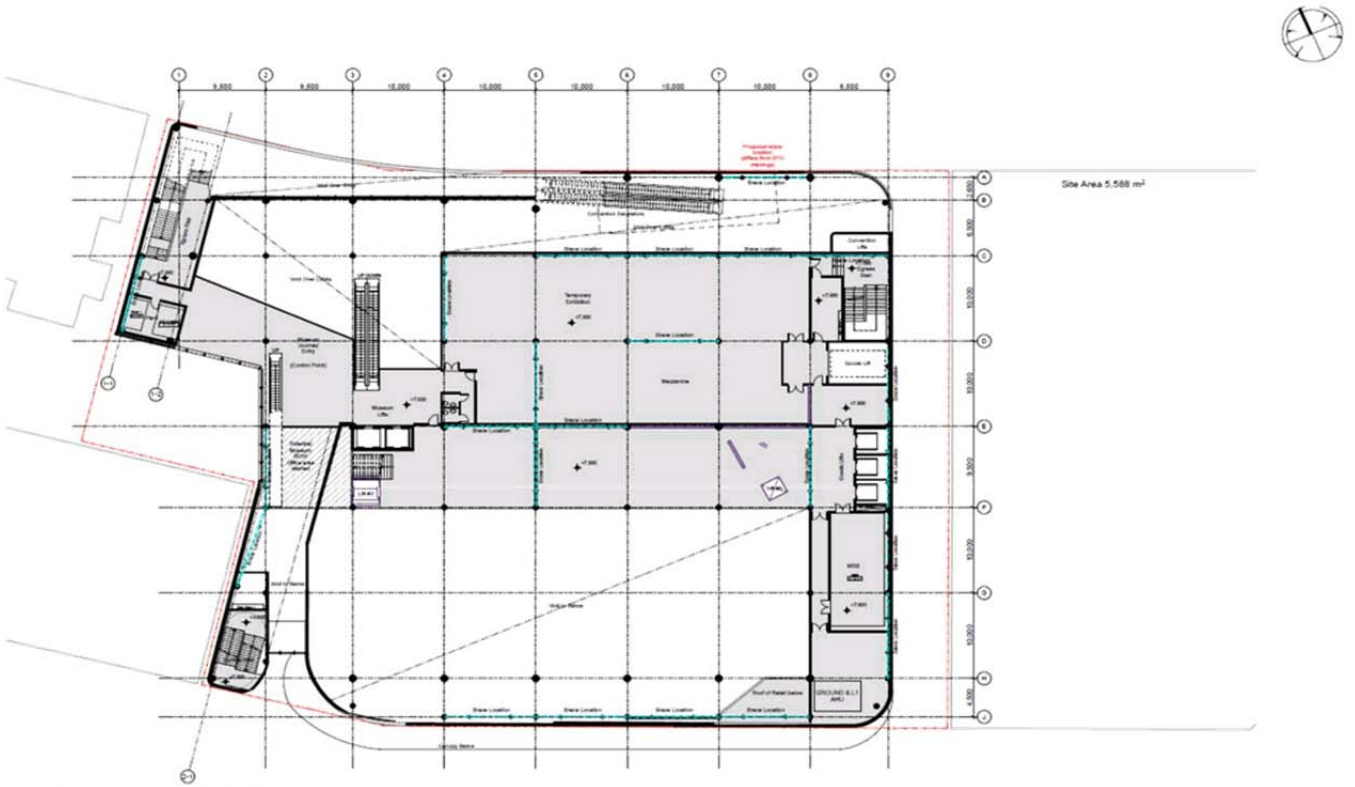
From grand cinemas to public sculptures to famous film locations, filmmaking is already celebrated throughout the city. It's a part of our DNA. The Movie Museum will sit at the heart of this celebration, linking it together and providing learning and entertainment opportunities for schools, community groups, those interested in the film industry and the general public. With the majority of the filmmaking industry situated in Miramar, it will be an integral link between the Peninsula and Wellington City, bringing the magic of the film-making that takes place there to the centre of Wellington and making it visible and accessible to many more people.

The team behind The Movie Museum have a vision for a truly world-class, internationally-renowned movie museum which adds to the creative reputation of Wellington and the many innovative and inspiring tourist attractions already on offer.

Appendix F. Building Plans (Selection)




Site Area 5,588 m²
studiopacificarchitecture
MACC
CONFIDENTIAL
WILLIS BOND & CO
Ground Floor Plan
PD-102
2130
F



1 Level 1 Plan (TMML Mezzanine)
SCALE 1:400

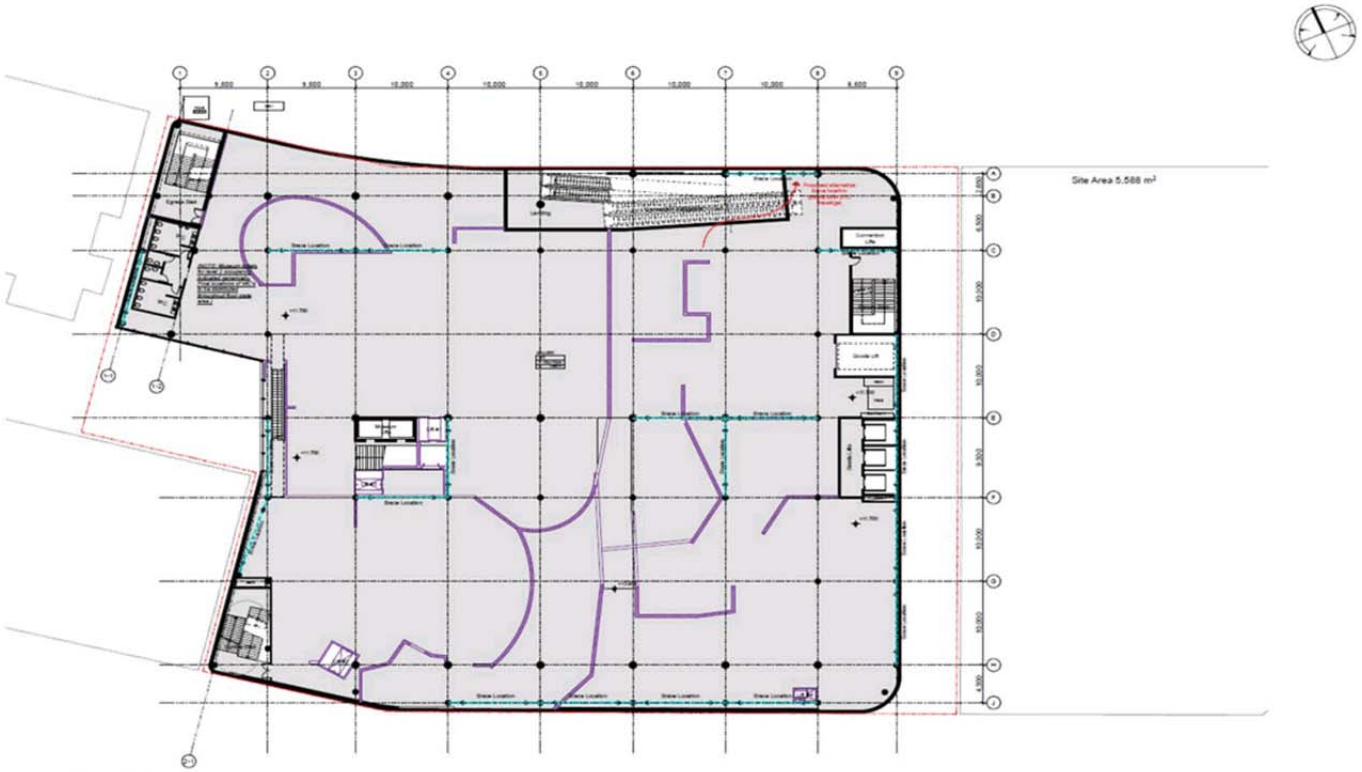
PRELIMINARY DESIGN

studiopacificarchitecture
Architects
Urban Designers
Interior Designers

MACC
CONFIDENTIAL

WILLIS BOND & CO

LEVEL1 Plan (TMML Mezzanine)
Scale: 1:400 Orig. Size: A3
Drawing No. PD-103 Job No. 2130
Revision F



1 Level 2 (TMML)
SCALE 1:400

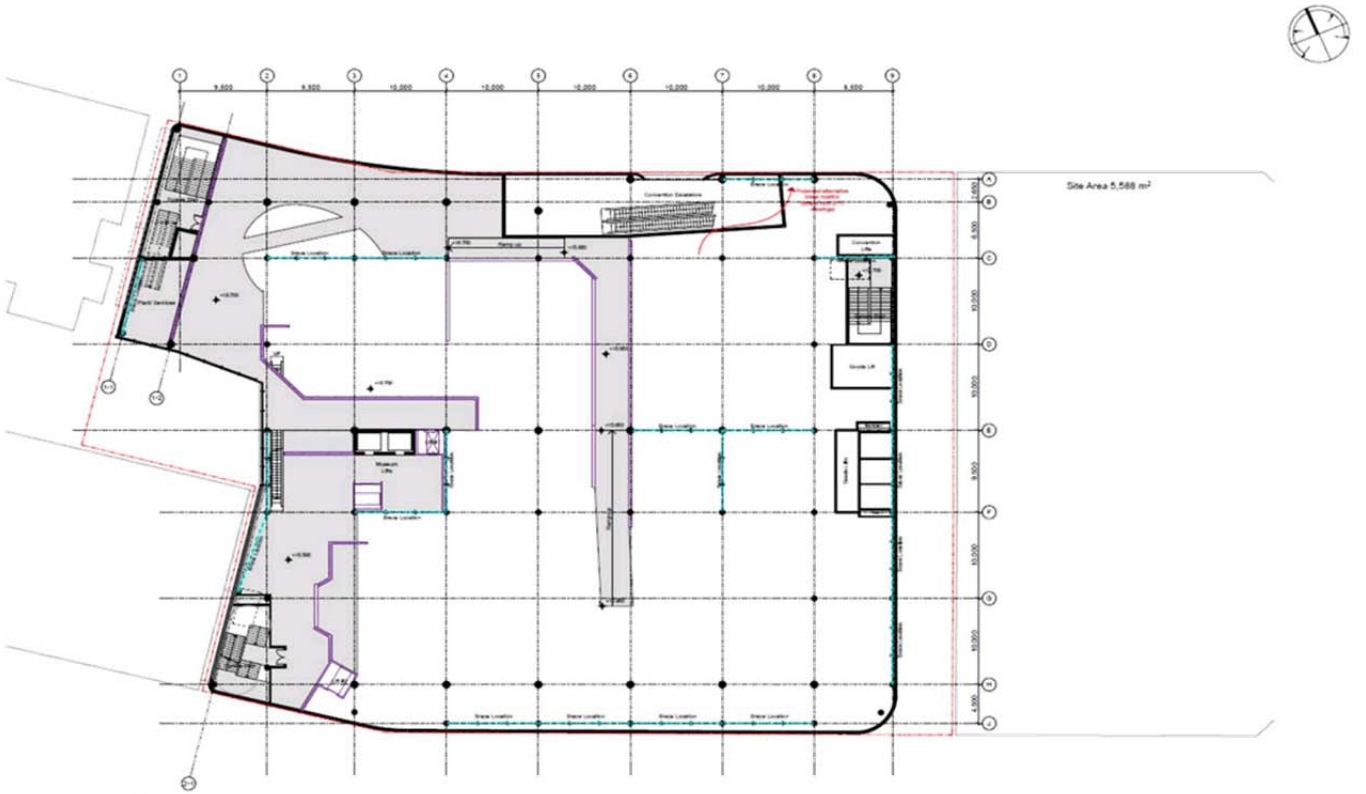
PRELIMINARY DESIGN

studiopacificarchitecture
Architects
Urban Designers
Interior Designers

MACC
CONFIDENTIAL

WILLIS BOND & CO

LEVEL 2 Plan (TMML)
Scale: 1:400 Orig. Size: A3
Drawing No: PD-104 Job No: 2130 Revision: F



1 Level 3 (TMML Mezzanine)
SCALE 1:400

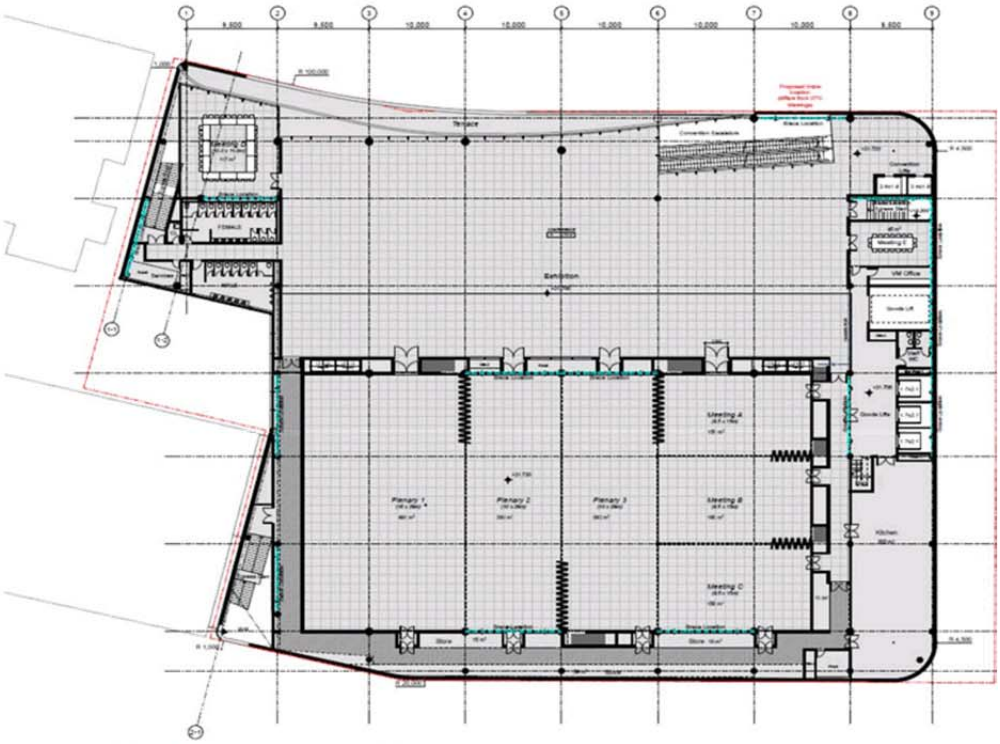
PRELIMINARY DESIGN

studiopacificarchitecture
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Urban Designers
Interior Designers

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WILLIS BOND & CO

LEVEL 3 Plan (TMML Mezzanine)
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Job No: 2130
Revision: F

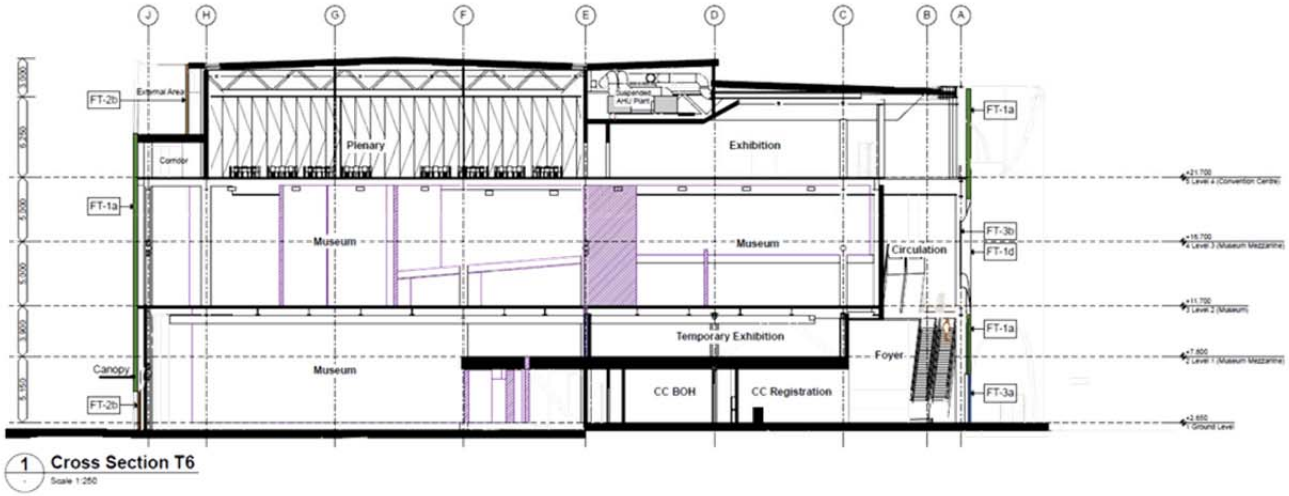


1 **Level 4 (Convention Centre - Seating)**
SCALE 1:400

studiopacificarchitecture
Architects
Urban Designers
Interior Designers

MACC
CONFIDENTIAL

WILLI


J
H
G
F
E
D
C
B
A
FT-2b
External Area
Corridor
Plenary
Exhibition
FT-1a
FT-1a
Museum
Museum
Circulation
FT-3b
FT-1d
Temporary Exhibition
FT-1a
Foyer
Canopy
Museum
CC BOH
CC Registration
FT-3a
FT-2b
1 Cross Section T6
Scale 1:250
PRELIMINARY DESIGN
studiopacificarchitecture
MACC
CONFIDENTIAL
WILLIS BOND & CO
Section T6
PD-126
2130

Appendix G.Commercial Terms

The following schedules incorporate the key commercial terms extracted from the Term Sheets agreed with Willis Bond for the Development Management Agreement and TMML for the Agreement to Lease. Some of these terms are confidential to our commercial partners and this Appendix will be redacted in any public version of this business case.

1. Development Management Agreement with Willis Bond

Key Commercial Terms	Details
Parties	WCC and Willis Bond
Commencement Date	Term Sheet signed 30 Nov 2015. DMA agreed August 2016, and to be executed by WCC following Council approval.
Development Management Fee	[redacted]
Performance Fee	[redacted]
Proposed Development	Combined Movie Museum and Convention Centre
Precedent Conditions	The agreement is conditional on WCC confirming to WB that it intends to proceed with the Project. LTM to confirm it is prepared to enter into the construction contract as contemplated by the Term Sheet on terms and rates generally in accordance with the then prevailing industry standards for projects of this size and complexity. WCC will require mechanisms to ensure it is receiving vfm comparable with that achievable under a contested process. WCC will approve the construction contract if it is on terms and rates generally in accordance with the then prevailing industry standards for projects of this size and complexity, undertaken on arms length terms.
Willis Bond Services	Willis Bond are engaged to provide the following services: • [redacted] • [redacted] • Managing and obtaining WCC approvals end to end. • Providing input and recommendations on design. • Finalising and manageing WCCs design brief for the project • Setting design programme and managing documentation. • Liaison with all key stakeholders, including TMML during design. • Setting base build specification. • Setting and managing budgets with WCC approval including cost saving investigation. • Managing all resource consents and building consents and ensure compliance.

Key Commercial Terms	Details
	• Managing and resolving legal issues as they relate to the site or construction. WCC reserves exclusive rights to disputes with the Construction Contractor. • Identify and manage risks including developing a risk register. • Overseeing health and safety on site. [redacted] • Managing the construction programme including consultants and contract instructions. • Coordinating tenants Main Contract Hard Fitout (MCHF) and Subdivisional Hard Fitout (SHF). • Managing final completion and compliance including warranties, securities etc. • Recommending insurance options and ensuring appropriate insurance is in place. • Manage a Project Control Group and provide minutes and other reporting. • Manage defects liability. • Assist WCC with all media and other public communications. • Any other project management services typically provided for a construction project of this nature.
Willis Bond Service Exclusions	Willis Bond services exclude: • Arranging funding • Negotiating, managing and finalising legal arrangements with tenants, although relevant advice will be provided by WB • Financial management, except as specifically detailed • Management of the Movie Museum fitout, unless specifically agreed • Managing notified resource consents • Managing residual land projects • Managing any dispute with the Construction Contractor • Media and public releases
Contractor Costs	Paid directly by WCC
Funding Risk	With WCC
Capital Construction Risk	With WCC
Building Completion	As per agreed final schedule

2. Agreement to Lease with TMML

Key Commercial Terms	Details
Parties	WCC and TMML
Lease term	25 years
Lease commencement date	the earlier of: a) The date 6 months after the date on which TMML was

	granted full access to the Museum premises for fit out; or b) The date on which TMML's fit out is certified as complete, and in either case a CCC or CPU has been issued for the base building work (or would have issued but for a delay caused to issuing a CCC or CPU by the TMML fitout work). [redacted]
Rent	[redacted]
Rent adjustments	[redacted]
Lease type	Gross lease based on the then latest version of the ADLS lease at practical completion amended to reflect the terms agreed by the parties.
Rental guarantee	[redacted]
Lease termination	If, at any time during the lease term the board of TMML decides on reasonable grounds that the Movie Museum operation is not sustainable or viable then TMML may give notice to WCC: [redacted] TMML to remove the TMML fitout within a reasonable timeframe and leave the premises in a reasonable condition, fair wear and tear from normal museum use excepted.
Building operating costs	*WCC will be responsible for and pay outgoings typically payable by a landlord under a gross lease including:* a) Rates (if any) and taxes b) Insurance premia for the building and loss of rents (if required by WCC), and where WCC is not the landlord, replacement/functional replacement cover c) Cleaning of building exterior d) NZ Fire Service charges unless resulting from TMML's

	actions e) Statutory compliance including BWOF f) Repairs, maintenance and replacement for the Building exterior, lifts, HVAC, electronic security systems and other building services when required (with performance specifications to be specified) so that Building is maintained to a high standard *TMML will be responsible for and pay:* a) Insurance premia for TMML fit-out, public liability and business interruption (if required by TMML). b) A pre-agreed proportion of general operating expenses for the common area costs (for example costs of cleaning and provisioning) c) Fire compliance costs, including fire and smoke detection maintenance and servicing costs (but only to the extent not included as part of the base building services) d) Maintenance, servicing and repair of TMML fitout e) Consumables for the Museum premises including cleaning, rubbish collection and recycling, power, gas, telecommunications, water.
Building renewals	WCC to maintain the Building (excluding the Museum Premises) and replace component parts when required to ensure the Building continues to be to a standard commensurate with a well maintained public facility, fair wear and tear excepted, and the Building services perform in accordance with the agreed performance standards.
Naming rights	Naming and signage rights to be agreed for the Building for branding and promotional material for the occupiers only as indicatively shown on a plan to be agreed and attached to the Agreement to Lease.
Development process	WCC will, at its cost, progress the Development in line with the programme to be attached to the ATL (which will incorporate final design and development milestones) including WCC: a) Obtaining resource consent and building consent for the Development b) Ensure the design and construction of the Building (and will comply with usual construction obligations in this respect including quality, timeliness, compliance with laws, completion of the building to the contracted standard, establishment of the design team and the PCG and regular and full reporting to TMML) c) Completing the base building works in accordance with the Designs, the Building Performance Specifications and the programme. d) Providing access for TMML to undertake fitout in the Building during construction to enable the TMML fitout to be integrated into the construction of the base building work albeit by separate contractors, subject to usual interface protocols between the head contractor

	and the fitout contractor(s) e) Achieving practical completion of the base building works by the date in the programme attached to the ATL f) Preparing lodging a lease plan of the Museum Premises to enable the lease to TMML to be registered. TMML will, at its cost, progress TMML's fitout design, fitout construction and installation in line with the indicative programme attached to the ATL (which will incorporate design and development milestones agreed between the parties) including: a) Resource consents/building consents to the extent required for the fitout; and b) Design development drop milestones to enable WCC to progress base building services and design.
Other terms	a) Utilities to be separately metered between the Convention Centre and Movie Museum and common areas (including floyer and toilets for use by both facilities) b) Permitted Building use to include museum, associated storage and office areas, café/restaurant, shop and ancilliary uses c) No change of use of the Convention Centre premises without consent of TMML, not to be unreasonably withheld d) Access for service vehicles, buses and visitors at all reasonable times to the Building e) TMML to maintain the Museum Premises (including TMML fitout) to a reasonable standard, fair wear and tear excepted.
Project Control Group	The parties will each provide personnel to attend regular meetings of a project control group (PCG) with representatives of WCC's project manager and building contractor, to monitor design development, construction and project implementation.
Conditions	WCC to: a) Pass the necessary resolution to • Carry out the development • Grant the lease to TMML • Operate part of the building as a convention centre b) obtain a resource consent by 31 March 2017 TMML to: a) unconditionally agree and approve the terms of the ATL to allow development to proceed

Appendix H. Procurement Method Options

Construct only	Design & Construct	Managing Contractor	Construction Management	Directly Managed	Early Contractor Involvement	Alliance	Public Private Partnerships
Client led design with contractor subsequently engaged for construction works.	Client engages a contractor to both design and construct the project works	Client engages the head contractor who manages the development of design and delivery of the works on behalf of the client.	Client engages designer and trade contractors directly and also the construction contractor to manage construction.	Client directly manages the full delivery of the whole of the project works and procures services as required	Two stage process, client works together with design and construction contractors to develop design then agree price for delivery	The client and another party work collaboratively to deliver the project sharing risk and reward.	Client and private sectors parties work together to deliver the project with allocation of risks/responsibilities agreed between them
Best suited to use for routine and uncomplicated works of a small to medium size and duration ✗	Best suited to projects where there is a need for a high degree of cost certainty at the time of contracting. ✓	Best suited to projects of a specialised nature requiring significant specialist input. Completion is relatively more important to cost. ✗	Best suited to projects of a specialised nature requiring significant specialist input and the client has experience in project delivery. ✗	Best suited for minor works and/or emergency works. Client retains control of all aspects of the project ✗	ECI is suited to large and complex contracts where an early understanding of requirements can enable vfm ✓	Alliances are generally considered suitable for extraordinary projects where the scope is uncertain ✗	PPP's are suited to projects where the project is complex and there is an opportunity for the client to transfer risk ✗

✓ Options	Design & Construct	Early Contractor Involvement
Advantages	Construction can commence prior to detailed design sign off High potential for innovation in preliminary design High degree of cost certainty for both design and construction if used with a lump sum arrangement Contractor generally warrants the design's fit for purpose Reduced disputes as single point of accountability	Potential cost/time savings Opportunities for early innovation Less adversarial resulting in fewer variations/disputes Improved integration of design and construction Open book approach to costs allows value for money verification Flexibility in timing/planning Earlier dedication of construction resources Better understanding of risks
Disadvantages	Tender costs prohibitive Designers duty to the contractor not the client Quality outcomes are only as good as the clients project specified requirements; can result in claims and disputes Design changes can be complex and expensive Risk design adjusted to meet price Uncertainties at tender are reflected in the price	Potential disruption if stage 2 price not acceptable Relationship driven and changes to key personnel can impact project performance If designs are novated to the contractor then potential loss of source of advice

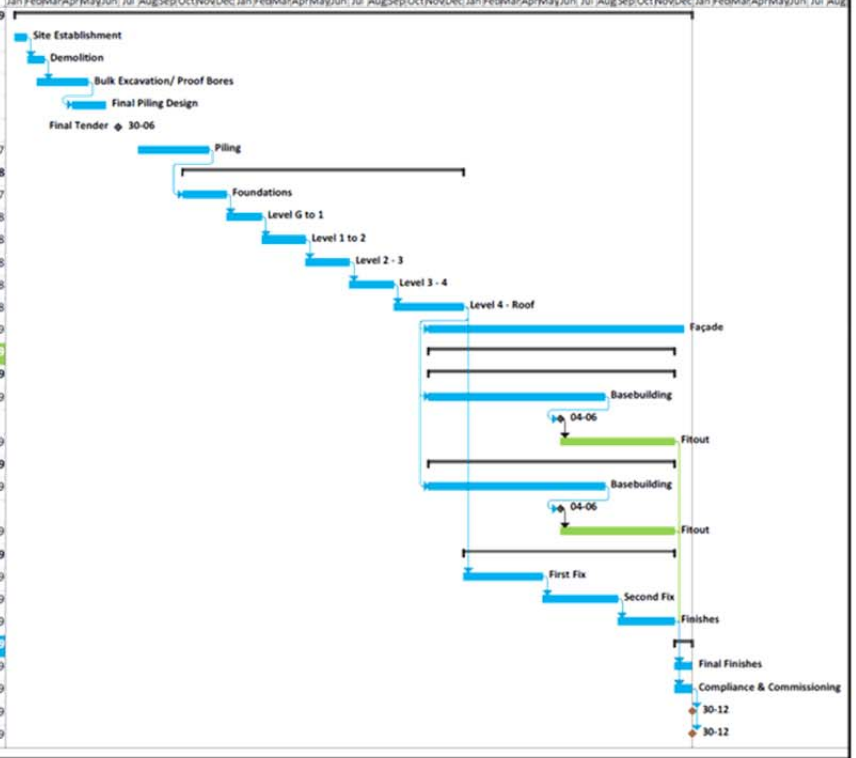
Appendix I.Construction Programme

WILLIS BOND & CO

MACC
PRELIMINARY CONCEPT CONSTRUCTION PROGRAMME
REV 5 - 27TH JULY 2016

McGuinness Building Contractors

ID	Task Name	Duration	Start	Finish
1	**CONSTRUCTION**	**771 days**	**Mon 16-01-17**	**Mon 30-12-19**
2	Site Establishment	15 days	Mon 16-01-17	Fri 03-02-17
3	Demolition	20 days	Mon 06-02-17	Fri 03-03-17
4	Bulk Excavation/ Proof Bores	3 mons	Mon 20-02-17	Fri 12-05-17
5	Final Piling Design	2 mons	Mon 17-04-17	Fri 09-06-17
6	Final Tender	0 days	Fri 30-06-17	Fri 30-06-17
7	Piling	80 days	Tue 01-08-17	Mon 20-11-17
8	**Structure**	**320 days**	**Tue 10-10-17**	**Mon 31-12-18**
9	Foundations	50 days	Tue 10-10-17	Mon 18-12-17
10	Level G to 1	40 days	Tue 19-12-17	Mon 12-02-18
11	Level 1 to 2	50 days	Tue 13-02-18	Mon 23-04-18
12	Level 2 - 3	50 days	Tue 24-04-18	Mon 02-07-18
13	Level 3 - 4	50 days	Tue 03-07-18	Mon 10-09-18
14	Level 4 - Roof	80 days	Tue 11-09-18	Mon 31-12-18
15	Façade	290 days	Tue 06-11-18	Mon 16-12-19
16	**Museum**	**280 days**	**Tue 06-11-18**	**Mon 02-12-19**
17	**Level G**	**280 days**	**Tue 06-11-18**	**Mon 02-12-19**
18	Basebuilding	200 days	Tue 06-11-18	Mon 12-08-19
19	Fitout Access	0 days	Tue 04-06-19	Tue 04-06-19
20	Fitout	130 days	Tue 04-06-19	Mon 02-12-19
21	**Level 1**	**280 days**	**Tue 06-11-18**	**Mon 02-12-19**
22	Basebuilding	200 days	Tue 06-11-18	Mon 12-08-19
23	Fitout Access	0 days	Tue 04-06-19	Tue 04-06-19
24	Fitout	130 days	Tue 04-06-19	Mon 02-12-19
25	**Conference Centre**	**240 days**	**Tue 01-01-19**	**Mon 02-12-19**
26	First Fix	90 days	Tue 01-01-19	Mon 06-05-19
27	Second Fix	85 days	Tue 07-05-19	Mon 02-09-19
28	Finishes	65 days	Tue 03-09-19	Mon 02-12-19
29	**COMPLETIONS**	**20 days**	**Tue 03-12-19**	**Mon 30-12-19**
30	Final Finishes	20 days	Tue 03-12-19	Mon 30-12-19
31	Compliance & Commissioning	20 days	Tue 03-12-19	Mon 30-12-19
32	CONFERENCE OPERATING	0 days	Mon 30-12-19	Mon 30-12-19
33	MUSEUM OPERATING	0 days	Mon 30-12-19	Mon 30-12-19



Page 1

Absolutely Positively
Wellington City Council
Me Heke Ki Pōneke

Volume 1

Our 10 year plan

WELLINGTON CITY COUNCIL'S AMENDED LONG TERM PLAN 2015-25.

Contents

Part A

Introduction

Message from the Mayor

He pai te tirohanga ki ngā mahara mō ngā rā pahemo engari ka puta te māramatanga i runga i te titiro whakamua.

It's fine to have recollections of the past but wisdom comes from being able to prepare opportunities for the future.

Wellington City plan looks to the future

This is a bold plan unlike any other in the history of Wellington City Council. We are building on our strengths as a city, our stunning natural environment, our quirky, built heritage and welcoming attitude, our creativity, business innovation, a shared delight in success, and support for the most vulnerable.

We will contribute more to the Council's core services while also investing hundreds of millions of dollars in new projects that will cement our place as the 'coolest little capital in the world.

We have kept our promise of no more than a 4.5 percent annual average rates increase for the first three years, and less than 3.9 percent annual average rates increase over the whole decade.

Wellington stands at the heart of the Pacific and is the southern-most capital city in the world. We are the 'place of the possible,' a Smart Capital, the Capital of the Arts and the walkable Capital.

This ambitious city plan sets out actions that will shape the future of our city, build economic success, and implement the recently agreed plans for urban growth and biodiversity.

We are investing in the ongoing prosperity of our communities and their wellbeing. This plan builds on the many actions taken in the last few years toward creating a smart, resilient and inclusive Capital.

The Council will work with many partners including other councils and local authorities, business, central government, NGOs, education, international institutes and our marvellous volunteers who are so important to the functioning of our city.

We have read and listened to hundreds of submissions, heard staff advice and debated the best way for Wellington to reach its full potential. Several changes, such as further increases to arts and community facilities, have been made in response.

This is a plan for all Wellingtonians. Thank you for your input! Let's get on with it!

Celia Wade-Brown

Mayor of Wellington

Message from the Chief Executive

Now, more than ever, cities compete. They compete for investment and talent and the flow on benefits that those bring. In recent times, we haven't been as competitive as we could in some areas, and this Long-term Plan addresses that.

The plan provides a basis for sound, sustainable growth of the city and will allow it to develop to its full potential.

Our growth agenda on which we consulted received strong support from the community, so we have a mandate for pushing on.

We've still got work to do, including more conversations with the community on the detail, but we've now set a course for growth. The challenge now is to implement our plan. We'll be working closely with central government and the commercial sector to make these projects happen over the next 10 years – to ensure Wellington has a prosperous future and a quality of life to match.

We shouldn't forget that in many areas Wellington is already world-leading and this plan reinforces our position in these areas. We're putting extra money into events to reaffirm our status as the events capital and we're further strengthening our environmental and social credentials because it's the right thing to do and it's what the community expects. We're not cutting any of our services and in many areas we're investing more and improving levels of service. This has been achieved within a very prudential financial envelope.

This 10-year plan is no ordinary council LTP. This one is unprecedented at Wellington City Council. It delivers mandatory core services – the environmental and social agenda – but it also includes a substantial economic investment programme. The Council has never before invested in the economy on this scale. The aim is to transform the city – and it will undoubtedly do that.

So I'm proud to deliver this bold plan to the people of Wellington.

Kevin Lavery

Chief Executive of Wellington City Council

Our role and responsibilities

Under the Local Government Act 2002, our purpose is to:

- Enable democratic local decision-making and action by, and on behalf of, Wellingtonians
- Meet the current and future needs of Wellington residents for good quality local infrastructure, local public services, and performance of regulatory functions in the most cost-effective way for households and businesses.

The 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. 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 role by two community boards.

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

Our vision, role and activities

Our vision for the city Wellington Towards 2040: Smart Capital sets out our aim to grow and sustain Wellington as an inclusive place where talent wants to live. Our vision is supported by the community outcomes that set out our long-term goals and guide our activities (see page 25):

- Connected city
- People-centred city
- Eco-city
- Dynamic central city.

We provide core services to meet the needs of Wellington residents including:

- Water, wastewater, stormwater and transport network infrastructure
- Waste collection and disposal
- Libraries, museums, reserves and other recreational facilities and community amenities.

We also provide services and initiatives to grow the city's economy and enhance Wellingtonians quality of life.

Our work is structured around seven activity areas against which we measure our performance. They are:

- Governance – delivering trust and confidence in decision making
- Environment – protecting and enhancing Wellington's environment
- Economic Development – promoting the city's competitive advantages to enhance quality of life
- Cultural Wellbeing – reflecting and shaping Wellington's unique cultural identity
- Social and Recreation – sustaining safe, resilient and healthy communities
- Urban Development – preserving Wellington as a compact, vibrant and attractive city
- Transport – delivering an efficient and safe transport system that connects people and places.

Accountability

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 2012.

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.

Before we adopt Long-term Plans and annual plans, we seek Wellingtonians' views. The consultation process we undertook for this plan and the key changes made as a result are outlined on pages 8

Every year, we publish an annual report, which sets out our performance 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?

We are also required to produce a pre-election report before each local body election. This report summarises 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.

These reports are made available on our website as well as through our libraries and service centres.

Amended Long-term Plan 2015-25

Under the Local Government Act 2002 (s93) a local authority may amend a Long-term Plan (LTP) at any time. Significant decisions occurring between LTPs require local authorities to amend LTP and consult formally with the community on the planned changes and the impacts of these changes.

Both the Movie Museum and the Convention Centre were already included in the Council's Long-term Plan 2015-25, however changes in ownership, risk and timing from the original plan require the LTP to be amended.

We formally consulted on the change with you during February and March of 2016 through a consultation document (link to CD) and 84% of responses were in support of the proposal and the Council's investment in the project.

After the feedback signalled a positive response further work was undertaken on the design element of the building and the project projections have increased from a building cost of $134 million to $150 million, for which all the service offering provided for in the CD can be obtained and a unique Wellington building can be delivered.

Full details of the amendment reflected in the following pages

Consultation process	Pg 8	Included Amendment consultation process
Invest to grow	Pg 11-12	Update of narrative and numbers
Financial overview	Pg 13-18	Update graphs to show impact
Activity Statements	Pg 41-42,45,47	Project information and activity budgets
Waterfront development plan	Pg 82	removal of reference to original Film Museum
Financial Strategy	Pg 86-96	Update graphs to show impact
Infrastructure Strategy	Pg 126-28	Update graphs to show impact

Funding Impact Statements	Pg 129-30 147-50	Update statements to reflect project changes
Financial Statements	Pg 175-82	Update statements to reflect project changes
Prudential graphs	Pg 193-96	Update graphs to show impact
Significant forecasting assumptions	Pg 206, 09-10	Update interest and dividend assumptions
Projects and Programmes	Pg 220, 21, 33, 36	Reflect the updated project balances

Consultation process

The following tools and techniques were used to communicate the draft Long-term Plan – and capture feedback – from stakeholders and the wider community. The consultation ran from 13 March through to 17 April 2015.

Consultation document

In accordance with amendments to the Local Government Act 2002, a 'stand-alone' consultation document was prepared that highlighted the major matters for consultation. This was made available online, in our libraries and in the Council service centre.

The draft Long-term Plan, activity statements and associated strategies and policies were made available on the Council's website and at selected libraries in accordance with the requirements of legislation.

How we engaged

The Council engaged in the following ways with residents and ratepayers of Wellington:

- *LTP launch* at the City Gallery to around 50 stakeholders, entrepreneurs and ratepayers and special interest group representatives
- A purpose built *consultation website* that highlighted the 28 major matters for consultation, and captured both quantitative and qualitative feedback in a highly interactive way – it encouraged participants to engage with each other rather than simply state their position to the Council
- The Council utilised several *media channels* to raise awareness and encourage engagement with the draft Long-term Plan. Traditional print media included the *The Wellingtonian, Dominion Post, Cook Strait News* and *Independent Herald* between mid-March and early April. Additional advertising was carried out through the Council's social media channels
- *Ward meetings and special interest group meetings* were held with the Mayor and local Councillors presenting the key issues of the draft Long-term Plan to residents and ratepayers. In addition to these, the Mayor also hosted a business breakfast to introduce the Consultation Document to Wellington's business sector
- The Chief Executive has had numerous engagements with the business sector on the Long-term Plan
- The Council also held two *virtual meetings* which brought Councillors and officers together into a room to answer questions as they came through on Twitter and Facebook.

All of these contributed to record number of interactions with residents and ratepayers.

Submissions

The Council received 1,017 formal submissions – 597 by email, 232 online, and 188 through the mail, with a total of 6,961 individual comments recorded from those submissions across a wide variety of topics. The website had 12,872 visits from 7,568 people with 2,191 comments

Oral hearings were carried out over a five-day period and 164 submitters were heard.

Long-term Plan amendment

The consultation on the amendment was conducted from 15 February 2016 to 15 March 2016. The consultation document was consulted on alongside the supporting information (link).

The Council received xxx formal submissions with a total of xxx individual comments recored from those submissions. Oral hearings were held on xx April 2016 and XXX submitters were heard.

Part B

Our plan

Summary of our plan

More people today, than at any other time in history, have a choice about where they live. That's why we need to invest.

Cities like Wellington compete on the global stage. We compete with other city regions to attract people, students, jobs, businesses, trade and investment. Other cities invest in their offering, and without ongoing investment and improvements to the city we lose our comparative advantage as an attractive place for skilled migrants and businesses.

Cities flourish and decline depending on the investment decision they make and how they develop over time – and this Long-term Plan outlines a strong investment programme that will position Wellington and its communities for a stronger and more prosperous future.

We have a strong history of investing in the city to benefit the community

In the past 10 years, the Council has invested in city infrastructure and services for the community.

While the key spending priority has been on infrastructure, there have been big increases in spending on community sport and recreation facilities, tourism promotion and events.

In the coming years, we are continuing to focus on strong, resilient infrastructure, but we will also invest for economic growth by establishing a programme of major projects and working in partnership with the private sector, the Government and others in the region.

By focusing investment in this way, we can:

- retain our high quality of life and excellent services
- achieve a real transformation of Wellington's economy, create opportunities for future investment, jobs for our people and improved quality of life.

We will invest to maintain and improve existing services

Our Long-term Plan maintains essential services for the city such as water supply, drainage, waste, parks and gardens, libraries, pools, sports fields, recreation centres, streets and social housing. It also includes upgrades and renewals to key facilities where there is a need.

One important area of focus will be on making infrastructure more resilient and better able to cope with environmental shocks such as earthquakes and the impact of climate change.

We will also work with others over the coming years to make the city's transport system more efficient by prioritising public transport, investing in new cycleways and walkways, and reducing bottlenecks on the road network.

We are maintaining existing levels of service for pools, recreation centres, sports fields and other Council-funded facilities. Our focus is on accommodating demand within existing facilities where possible – we want to make use of the capacity in the community facilities we have already invested in, before we face the expense of adding more. In line with this broad strategy, we have allocated additional funding to support school pools in their operations to ensure they are of a good standard and well-utilised by the community.

We will also continue to work and have allocated additional resources – to end homelessness and to include the most vulnerable citizens in city life.

The work programme to maintain and improve existing services also includes the following specific projects.

- Redevelopment of Frank Kitts Park with the inclusion of a Chinese Garden and new playground
- Funding for the creation of an ocean exploration centre on the south coast subject to funding from third parties
- An urban activation fund that will see pop-up events make use of the existing open spaces around the city
- A new library in Johnsonville to serve the growing northern area
- A hydraulic model of the city's stormwater network to guide our future investment decisions around climate change adaptation
- A real-time sewer monitoring and modelling system to improve the performance of the network
- Additional funding to implement the Biodiversity Strategy including more funding for pest control, plantings, research and partnerships to boost our green open spaces
- A new hockey turf at the National Stadium and rejuvenation of the Basin Reserve
- Additional funding to complete the scope of the LED lighting project that will lower energy use and costs of street lighting and signals
- Additional funding for heritage building strengthening work over the next three years
- Lifting the wages of the lowest-paid staff at the Zoo and Museums Trust as part of work-force development. We have also agreed to consider applying a living wage to external contracts on a case-by-case basis
- Increased funding of the arts so 2015-25 will truly be a Decade of Culture. Funding has been allocated to revitalise the Town Hall and Civic Precinct, with a focus on musical performance and education, strengthen St James Theatre, more funding support for Circa, the New Zealand Ballet, Orchestra Wellington, the New Zealand Festival and an increase to the contestable grants and our ongoing commitment to Toi Pōneke and public art
- An increase to our social and recreation grants fund over the next 10 years.

We will invest to grow our offering as a city

Though Wellington offers outstanding quality of life, its economy has considerable untapped potential.

A stronger economy means jobs, prosperity and more opportunities for all Wellington residents. Economic growth isn't only about business profits - though they are important- it is about providing opportunities for everybody.

Growing the city's economy is about:

- making all residents more prosperous, so they can reach their potential and live enjoyable and fulfilling lives
- attracting new skilled migrants to live, work and establish businesses in the city
- providing a wider range of opportunities so residents have a choice of jobs, creative or business opportunities
- providing more entertainment and leisure opportunities and a wider range of attractions

- releasing capital to invest in a higher quality of life for all, a stronger environment and increasing the city's capital value. A bigger rating base means the costs of rates are spread across more people, making them more affordable.

The Long-term Plan provides capacity for us to invest with others in a range of initiatives to stimulate economic growth in the city. We have made a start with funding support for the establishment of a tech hub to help ICT start-ups to get established, collaborate with other businesses and become successful exporters. In addition to that, we have set aside funding to explore and deliver the following economic opportunities:

- An extension to the Wellington International Airport runway to allow for direct connections to Asia and to bring extra visitors, students and economic benefits
- A large-scale performance arena to fill a gap in our current offering and draw in larger concerts and more visitors
- An urban development agency to support the creation of vibrant, mixed-use inner city neighbourhoods
- Major urban regeneration projects to stimulate the supply of housing, with the northern part of Adelaide Road and the blocks along Kent and Cambridge Terrace in Te Aro as priorities
- An expansion of our arts and events programme including the New Zealand Festival
- A contribution to the WW1 commemorative exhibition and capital provision to support a permanent museum.

The city is humanity's laboratory, where people flock to dream, create, build, and rebuild." – Edward L. Glaeser

Funding allocation to support our 'invest for growth' approach

The major projects outlined in this 10 year plan are at different stages of development. Some are in preliminary stages while others require resource consent before they progress to the next stage, while others will aim to attract third-party funding commitments.

It is our intention to deliver all of these and that is why we have set aside preliminary budgets for each of these projects – we want to be transparent about the potential costs and show the city's capacity to fund them.

Detailed business cases will be developed for each of the projects in due course and these will set out the full costs and funding options. Further consultation will then happen before final decisions are made.

At this stage we have set aside a funding envelope of $403 million. Of that, $90 million has been signalled for investment in the extension of the airport runway. We plan to service this funding commitment through grant funding so the $90 million is not included within capital expenditure.

Summary of our financial approach

The Council's strong financial position means we can afford to invest in growth. The Council has an AA credit rating – the same as the New Zealand Government.

We have far less debt per capita than most local authorities. All up, our debt levels are currently less than 100% of our annual income - that's the equivalent of a household earning $50,000 a year and having a mortgage of less than $50,000. We also hold significant investments in Wellington International Airport and an extensive central-city ground lease portfolio. Their value is similar to our level of debt.

Our strong financial position means we can afford to invest in projects that will support economic growth. In the short term, this will require modest increases in debt and rates. In the long term, rates increases should become lower due to growth in business activity, business numbers, and overall population.

Impact of the 'invest for growth' approach

3.9%

Rates increases will be limited to 3.9% on average after growth annually over the next 10 years.

And by 4.5% annually, on average, over the next three years

175%

Council debt will be capped at a maximum of 175% of annual income – the same as a household earning $50,000 a year having a mortgage of $87,500.

We've sharpened our financial approach

We've created headroom to allow us to deliver the programme within prudential limits. The key steps to ensure a sustainable financial approach include:

- rebalancing our spending investment between key strategic areas
- identifying areas where service levels and performance are already high and increasing the use of existing assets, rather than spending on new investment in these areas
- investing in projects that grow the economy and deliver returns on our investment as reflected in our forecast growth in the rates base - an average increase of 1.2% a year - providing total increased rates capacity of about $220 million across the 10 years of the plan
- improved asset management practices and data quality to better manage risk and forecasting of when we need to replace assets
- incorporating an annual savings of 1% (a total of $50 million) from shared services and efficiencies
- recognising that rates increases equal or less than CPI (household inflation) are not sustainable in the long-term without cutting services

- providing for average rates increases of no more than 3.9% across 10 years, to provide capacity to maintain existing services and invest in initiatives that will grow the city
- lifting our borrowing limits – to a maximum of 175% of income. Note that our forecast peak borrowing for the 10 year programme is 135%. This provides around $230 million of capacity by 2024/25 to respond to emergencies or other requirements not currently planned for.

Funding and rates over the next 10 years

Wellington's economy has been flat for the past six years. This Long-term Plan aims to kick-start it. We have been prudent in recent years and are now in a strong financial position. The time is right to invest in game-changing projects – as the city did in the 1990s with Te Papa, the waterfront and the stadium – to grow the economy.

A growing economy means more businesses and a larger rating base, which in turn means we can spread the costs further and it will allow us to reinvest in the things that make Wellington great and different. We are conservatively forecasting an average growth in the rating base of 1.2% over the next 10 years.

Rates will be kept at affordable levels

The Council's 'invest for growth' approach will ensure rate increases are kept at affordable levels. In fact, as outlined in the graph on page xx, forecast average rates for the next 10 years will be lower than our average rates historically.

We also use average household income as a threshold to measure rates affordability. The plan aims for the average residential rates to not rise above 3.5% of average Wellington household income. This is significantly lower than the 5% affordability threshold identified in the 2007 Local Government Rates Enquiry as appropriate.

We have set tough parameters for any rates increases

Our Financial Strategy guide sets out our proposed rates limits including:

- for the next three years, the average rates increase will be kept below 4.5% (after accounting for growth)
- for the next 10 years, the average rates increase will be kept below 3.9% (after accounting for growth)

The proposed option to 'invest for growth' is below this limit with rates increases over the next 10 years of 3.8%.

Indicative rates for the first year of the plan

The table on page xx shows the indicative residential and commercial property rates (inclusive of GST) for 2015/16.

Your rates

For 2015/16, total rates are forecast to increase by 6.1 % before allowing for growth in our ratepayer base. After allowing for expected growth, our total rates are forecast to increase by 4.9%.

Rates on the average residential property (valued at $533,084) are to increase by 5.3% to $2,193 (excluding GST) in 2015/16. There will be an average rates increase of around 5.5% for

commercial properties, including the impact of increases in metered water charges. These increases average to a 4.9% rates impact on all ratepayers after growth in the ratepayer base has been taken into account.

Explaining your rates

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

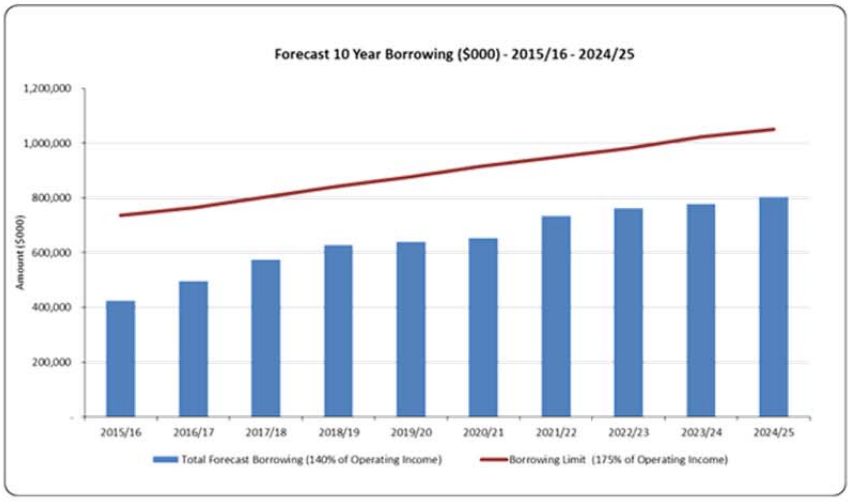
General rates are used to fund activities where the Council is unable to clearly identify a specific group of ratepayers who receive the benefit of that activity, or where is it not possible or suitable for that group to be targeted to pay. General rates are split over two categories: the base sector general rate (residential) and the commercial sector general rate. These are both levied based on a rate per-dollar of capital value. The Council has a general rates differential in place that decides how the general rate is shared between the residents and businesses in each category.

In 2015/16, the commercial sector's general rate per dollar of capital value is to remain 2.8 times higher than the base residential sector's general rate for a property of the same value. We will review this rating differential after the September 2015 city property general re-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 changes arising from that review in the 2016/17 Annual Plan.

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 city's water, sewerage and stormwater systems. Separate targeted rates are also set for our base (residential) sector, commercial sector, downtown commercial sector, Marsden Village, Tawa driveways and business improvement districts (BIDs) in Miramar and Khandallah.

Borrowing over the next 10 years

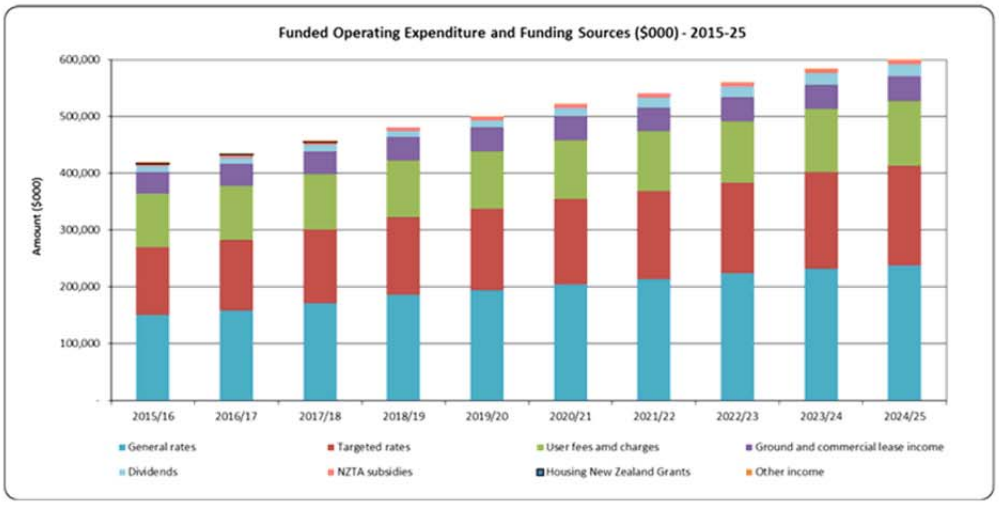
Our approach keeps borrowing levels well within the 175% debt-to-income limit set out in our Financial Strategy. Borrowing is forecast to increase from $416 million (around 100% of income) in 2015/16 to $807 million (around 135% of income) in 2024/25.



Operating expenditure

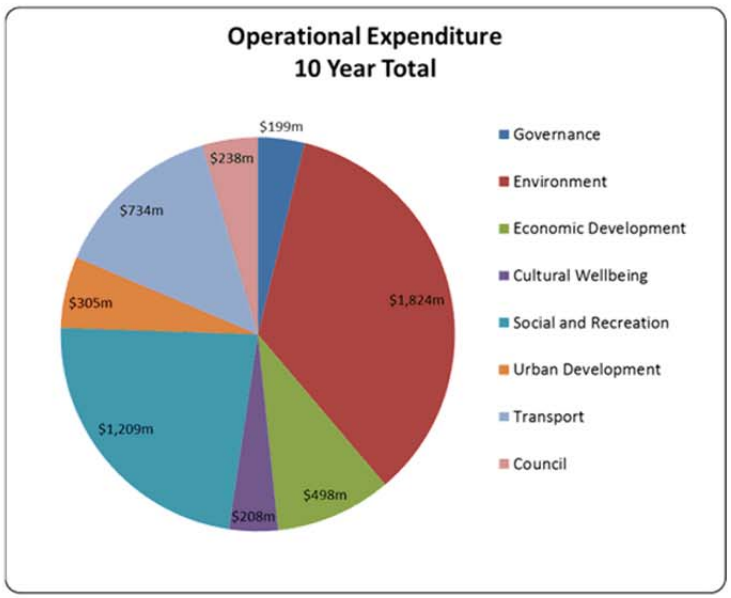
Where the money comes from

In addition to rates the Council plans to receive revenue from a number of other funding sources. The proposed funding sources for our operating expenditure are summarised in the graph below.



Where the money gets spent

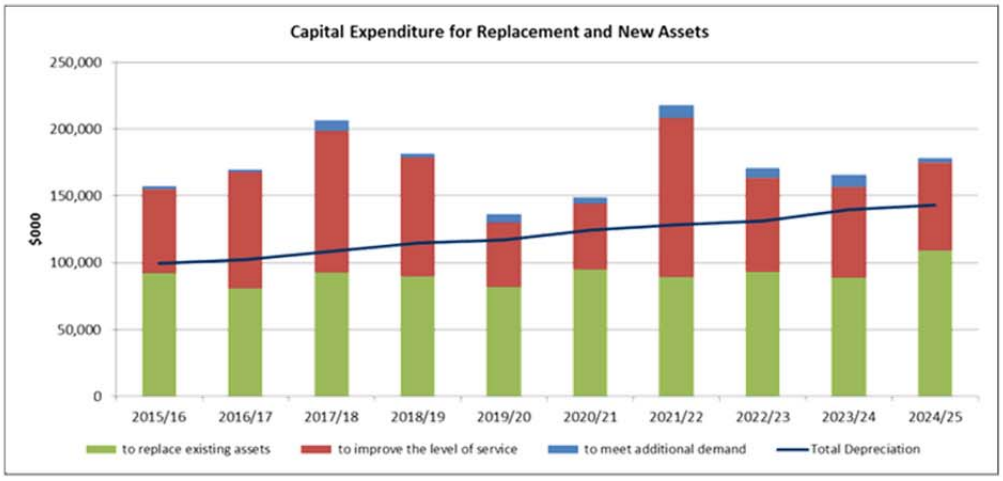
In total we plan to spend $5.2 billion of operational expenditure over the next 10 years. This is spread across a range of activities with the major spending areas being the environment, social and recreation, and transport. The biggest increase is in the economic development area.



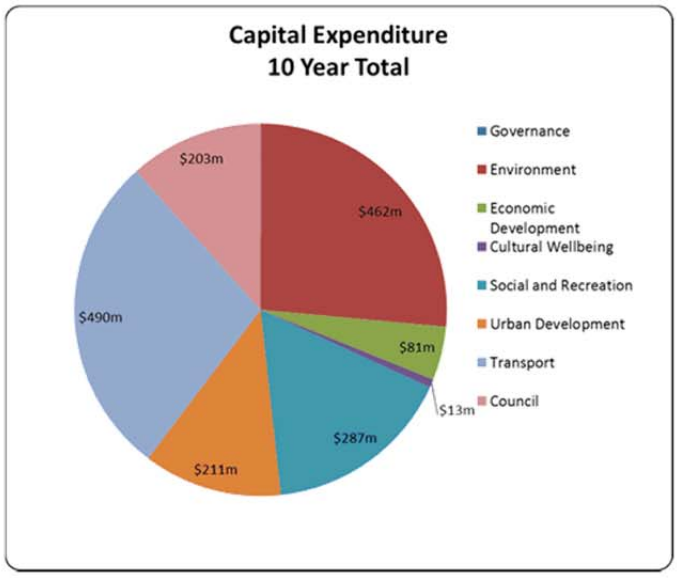
Capital expenditure

How we plan to spend capital expenditure

The graph below illustrates the make-up of the $1.7 billion of proposed capital expenditure investment over the next 10 years.

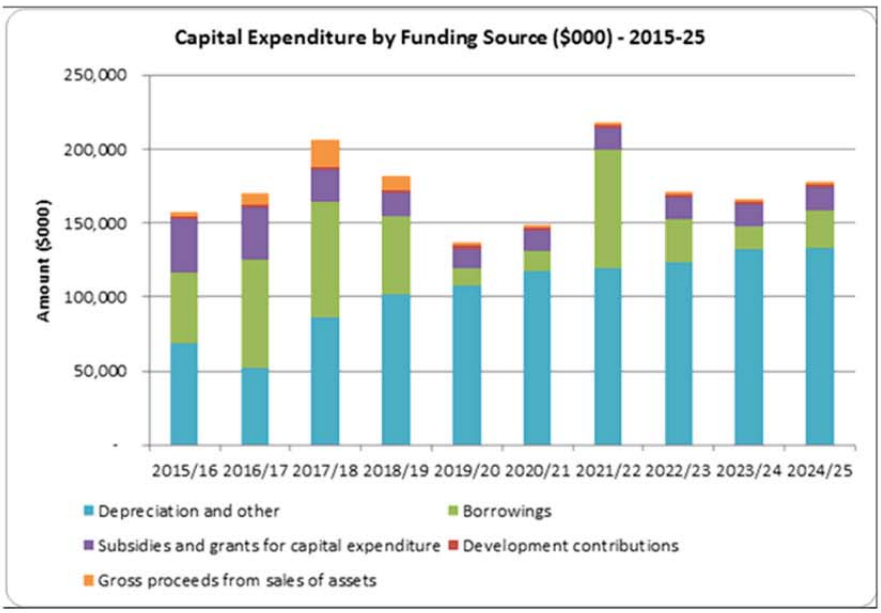


Even with the 'invest to grow' focus, over half of the proposed $1.7 billion of capital expenditure will be invested on business-as-usual services in the Environment (which includes water, wastewater and stormwater) and Transport areas. This reflects the focus that the Council will continue to have on maintaining the quality and resilience of infrastructure.



Where the capital funding comes from

Capital expenditure will be funded through a variety of funding sources. The funding to renew assets will come from rates funded depreciation. The balance is sourced from borrowings, external grants, development contributions and asset sale proceeds.



Our assets

We're managing our assets in a smarter way

We own $6.5 billion of assets. These include streets, pipes, libraries, swimming pools, retaining walls, signs, crematoria and much more. Our Infrastructure Strategy sets out how we intend to manage these over the next 30 years. The key aspects of this are:

- overall, maintain assets in line with the current service offering
- continue to improve the information about our assets to guide future investment decisions
- make full use of an assets' life and make use of technology to improve the performance of assets
- make use of the capacity in our existing facilities and assets before investing in new ones
- focus investments into areas of growth (our programme includes urban regeneration, bus priority and cycling investment, amongst others).

How we look after our assets

Our Infrastructure Strategy indicates that we will need to spend about $1 billion renewing the city's network and social infrastructure over the next 10 years. We have made provision for this within our Financial Strategy and Long-term Plan.

Our Financial Strategy provides capacity for the Council to invest some $720 million to upgrade assets and fund new assets. In addition to our 'invest to grow' initiatives major areas of planned investment include:

- social housing $111 million
- water reservoirs $46 million
- cycleways $58 million

- stormwater upgrades $25 million
- Johnsonville library $17 million
- water network upgrades $13 million
- walkways $8 million.

We also plan to continue our investment in making our infrastructure and public assets more resilient to earthquake risk and climate change. Investment to achieve that includes:

- road corridor walls $23 million
- tunnel and bridge improvements $10 million
- road safety projects $11 million
- strengthening Town Hall $57 million
- strengthening Civic Campus $16 million
- stormwater and sewer hydraulic modelling $9 million

Part B

Our plan

Our goals

We've set in place clear goals

The Council has set in place an overarching long-term strategic vision for the city called *Wellington Towards 2040: Smart Capital*. It aims to grow and sustain the city as 'an inclusive place where talent wants to live'.

The strategic vision is supported by four community outcomes or long term goals:

- **Connected city** – with improved physical and virtual connections, we can unleash the potential of Wellington's people and businesses. Technology reduces the city's physical distance from the world and markets, and the city's compactness allows for relationships to form with ease
- **People-centred city** – cities compete more for people in particular the highly skilled, educated people who already make up a large proportion of Wellington's population. It will become increasingly important to draw on these strengths, to ensure the city is open, welcoming, vibrant and embraces diversity
- **Eco-city** – we will build on our current environmental strengths to transition to a low carbon future. As an eco-city Wellington will achieve high standards of environmental performance, coupled with outstanding quality of life and an economy increasingly based on smart innovation
- **Dynamic central city** – by fostering the central city as a hub of creative enterprise, we can lead the region to the next level in economic transformation. With universities, research organisations and creative businesses all clustered in or near the central city, Wellington can grow, taking the wider region to the next step in prosperity and quality jobs.

These outcomes guide our activities.

1 Governance

Pārongo ā-tāone

By the numbers

145,575

Number of registered voters in Wellington City.

56,844

Number who voted in 2013 Wellington City Council elections.

70%

Proportion of Wellington residents, in a June 2014 survey, who said they were satisfied with the way the Council involves them in decision-making. This was an improvement from 63% in the previous year's survey.

'Governance' is about democratic local decision-making on behalf of the people of Wellington. Our governance activities include managing local elections, informing residents about the city and the issues or challenges it faces, listening to residents' views, making decisions in the best interests of the city and its people, and managing partnerships with mana whenua and other groups.

This work is essential for local democracy and for the quality of Council decision-making. Residents have a fundamental right to influence the makeup of the Council through elections, and to be informed about, and influence, Council decision-making. Public input and involvement improves the quality of decision-making, by ensuring that all points of view and all relevant information are considered.

Our partnerships with mana whenua recognise their special place in the city's history and special relationships with its land, waterways and other parts of its environment.

Our overall aim is to build trust and confidence in our decisions.

In coming years, the Council will keep working to find new and more effective ways to engage with residents, so the community can be kept informed and can influence the Council's decisions.

Quality local decision-making requires us to engage at the right level, whether that is with local neighbourhoods, with particular sectors of the community, with businesses or business sectors, with local or central government, or with the community as a whole.

It requires us to continually strive to find new ways to reach people in ways that work for them.

It requires us to build and maintain partnerships, recognising that the Council is not always in control of the city's direction.

Effective local decision-making requires residents to engage and to take the available opportunities to inform themselves and have their say.

Key projects

Governing the Wellington region

The Local Government Commission has abandoned its draft proposal to reorganise councils in the region to form a 'super-city' because of lack of public support.

Community feedback to the Commission has indicated that while a 'super-city' type model has very little support, a broad section of the community is open to the possibility of more moderate change. The Council is committed to dealing with regional issues at a regional level.

We acknowledge, for example, that the region has a single economy and therefore needs a single organisation to oversee and guide economic development.

For that reason, the Council has worked with Greater Wellington Regional Council and other local authorities to establish the Wellington Regional Economic Development Agency (WREDA), a single agency responsible for economic development, events and tourism throughout the region.

This agency will provide a clear direction for economic development across the region, leading to higher growth, more jobs and stronger communities.

Wellington's water comes from the hills of the Hutt Valley and is piped into the city. It is part of a single water network which can only be managed efficiently if it is managed on a regional basis. Water, wastewater and stormwater are therefore managed regionally, through the council-controlled organisation Wellington Water.

Many transport decisions have implications for neighbouring cities and indeed for the country as a whole, so those decisions are made at regional or national levels.

We will continue to work with other councils in the region and the Local Government Commission on exploring possible governance options that will improve regional service delivery and win the support of the community.

A partnership approach

The Council has 200,100 residents, nearly 26,000 businesses, and thousands of clubs and community groups.

Government agencies, other local authorities, businesses, community organisations and individuals all make critical decisions affecting Wellington and its people.

The Council has set a direction for the city, and can act as a catalyst and an enabler. But, ultimately, others influence Wellingtonians' quality of life at least as much as us.

Many of the projects proposed in this document are for partnerships involving local and central government, businesses, and other parts of the community. Examples include the Wellington the planned Movie Museum and our ICT hub.

Increasingly, our intention is to work with others – influencing and enabling – in order to get the best results for the city.

Involving residents in decision-making

In a 2014 survey of six New Zealand cities, residents were asked how well they understood local decision-making processes, how much confidence they had that decisions were made in their city's bests interests, and how much influence the public had over decisions. For all of these questions, Wellington's results were close to the average. We realise that, like other cities, we have to keep working to inform Wellingtonians and involve them in decision-making on major matters.

In coming years, we will continue to find new and more effective ways to engage with residents. Increasingly, this means reaching people and receiving feedback online, through computers and smartphones.

Statement on Māori and mana whenua partnerships

Whai wāhitanga Māori (tae noa ki te mana whenua)

We have an obligation to ensure the views of mana whenua and Māori community are realised.

Our Treaty obligation

In Wellington City the Treaty of Waitangi was signed on 29 April 1840 on board Henry Williams' schooner *Ariel* in the harbour. Now, 175 years later, Treaty of Waitangi historic claims for both iwi groupings within the city, Ngāti Toa Rangatira and Taranaki Whānui ki te Upoko o te Ika a Māui have been settled.

It is important that the special position of mana whenua is acknowledged and reflected in the way we make decisions about the city and its resources.

Engagement with the wider Māori community recognises the special provisions for Māori within our legislative framework and their unique Tangata Whenua position.

What we'll provide – our level of service

We work with the city's two mandated mana whenua organisations, the Port Nicholson Block Settlement Trust and Te Rūnanga o Toa Rangatira Incorporated, to ensure their views are represented in decisions about the city and to ensure their contribution to Wellington's heritage is fully and publicly recognised. Our responsibilities to these organisations are outlined in memoranda of understanding.

A capacity funding agreement outlines how they participate in decisions on policy, protocol, and regulatory and service delivery issues. Both entities have non-voting membership on the Council's committees. These obligations place administrative and time demands on the organisations. We provide each a grant to reflect their input.

We will provide opportunities for Māori to engage in dialogue with the Council to ensure their perspective is reflected in Council decisions and actions affecting economic, environmental, social, and cultural wellbeing.

How we will provide opportunities for Māori to contribute to our decision-making processes

In addition to fostering partnerships with mana whenua, we will engage with and build relationships with the wider Māori community. Here is how we will do it:

Mana whenua partnerships:

- Te Raukura, the wharewaka and the three waka, *Te Hononga*, *Te Rerenga Kōtare* and *Poutū*, are now prominent fixtures on our waterfront realising the aspiration of Taranaki Whānui to bring waka Māori back into our harbour. Along with the nearby Te Aro Pā visitor centre in the heart of the city, we will provide a grant to contribute to their upkeep
- We will sponsor a carved artwork in recognition of the recent historic Treaty settlement for Ngāti Toa Rangatira. This artwork will complement the existing pou whenua heritage trail and other public art marking sites of significance
- We will meet regularly with mandated mana whenua organisations to include their aims and aspirations for the city and across many areas of Council activity.

Māori community engagement:

- Our Māori Community webpage allows the community to register to receive email pānui (notices) and our e-newsletter *Nōna te Ao*
- Our website also provides access to other publications of interest including Land Perspectives for Tangata Whenua from our District Plan (currently being updated), the Māori community Population Profile compiled from Census 2013 data,brochures about Te Ara o Ngā Tūpuna – the Māori Heritage Trail, Ngā Waka o Pōneke – the carved waka, Te Raukura – the Wharewaka o Pōneke and Te Aro Pā visitor site. You can also find the information guide for Ngā Iwi o te Motu Urupā – the Māori burial area within Makara cemetery
- Our community grants will assist Māori groups to undertake their own projects. Like all grant programmes, these projects must contribute to Council's high level priorities
- We will promote and celebrate Māori culture through significant dates in the Māori calendar such as Waitangi Day, Matariki and Māori Language Week, other community events, ceremonies and hui, public art and heritage protection.

The visible recognition of such projects and the inclusion of a Māori perspective across Council activities will contribute to our city's vitality and improve the experience of the city for us all. Inside the Council, we aim to build our capacity to be more effective for Māori in the work that we do and how the Council can contribute to strengthening Māori communities.

Governance - group of activities

Group of Activities	Rationale	Service Offering	Negative effects
1.1 Governance, information and engagement 1.1.1 City governance and engagement 1.1.2 Civic information 1.1.3 City Archives	Facilitating democratic decision-making. Providing open access to information.	• Providing advice, research and administrative support to elected members and community boards. • Hosting local body elections. • A contact centre and website providing 24/7 access to information and a place to log service faults. • Management of archival information in line with legislation. • Facilitating engagement on key issues and input form advisory groups. • Accountability planning and reporting.	There are no significant negative effects from these activities.
1.2 Māori and mana whenua partnerships 1.2.1 Māori and mana whenua partnerships	Partnership and recognition of the special place of mana whenua.	• Maintaining formal relationships with two mana whenua partners. • Facilitating opportunities to contribute to local decision making.	There are no significant negative effects from these activities.

Governance - performance measures

Governance	
Objectives	**Democratic decision-making** **Open access to information** **Recognition of Māori**
Outcome indicators	Residents (%) who agree that decisions are made in the best interests of the city Residents (%) who state that they understand how the Council makes decisions Residents (%) who understand how they can have input into Council decision-making Mana whenua partners agree that the use and protection of the city's resources for the future is appropriate Residents (%) who believe they have the opportunity to participate in city life Voter turnout in local elections, referendums and polls

1.1 Governance, information and engagement

1.1.1 City governance and engagement

1.1.2 Civic information

1.1.3 City Archives

Purpose of measure	Performance measure	2015/16	2016/17	2017/18	2018-25
To measure the quality of the public's involvement in Council decision-making	Residents (%) satisfaction with the level of consultation (i.e. the right amount)	55%	55%	55%	55%
	Residents (%) who are satisfied or neutral (neither satisfied nor dissatisfied) with regard to their involvement with decision-making	75%	75%	75%	75%
To measure the quality and timeliness of residents' access to information	Council and committee agendas (%) are made available to the public within statutory timeframes (two working days prior to the meeting)	100%	100%	100%	100%
	Council and committee agendas (%) that are made available to elected members five days prior to the meeting and to the public four days prior to the meeting	80%	80%	80%	80%
	Residents (%) who agree that Council information is easy to access (i.e. From web centre, libraries, newspapers, etc)	55%	55%	60%	Increasing trend
	Residents (%) who agree that Council website is easy to navigate and get information from	70%	70%	75%	75%
	Contact Centre response times - calls (%) answered within 30 seconds	80%	80%	80%	80%
	Contact Centre response times - emails (%) responded to within 24 hours	100%	100%	100%	100%

1.2 Māori and mana whenua partnerships

1.2.1 Māori and mana whenua partnerships

Purpose of measure	Performance measure	2015/16	2016/17	2017/18	2018-25
To measure the health of our relationship with mana whenua	Mana whenua partner satisfaction with Council relationship (satisfied and very satisfied)	Satisfied	Satisfied	Satisfied	Satisfied
To measure the engagement of the city's Maori residents	Maori residents (%) who are satisfied or neutral (neither satisfied nor dissatisfied) with regard to their involvement with decision-making	75%	75%	75%	75%

Governance- activity budget

1.1 Governance, information and engagement	2014/15 AP 2014/15 Gross Expenditure	2015-25 LTP 2015/16 Gross Expenditure	2015-25 LTP 2016/17 Gross Expenditure	2015-25 LTP 2017/18 Gross Expenditure	2015-25 LTP 10-year total Gross Expenditure
Operating expenditure	**($000)**	**($000)**	**($000)**	**($000)**	**($000)**
1.1.1 - City governance and engagement	8,329	9,901	10,881	10,141	114,019
1.1.2 - Civic information	5,433	5,435	5,540	5,637	61,447
1.1.3 - City archives	1,016	1,758	1,886	1,924	20,830
Total operating expenditure	**14,778**	**17,094**	**18,307**	**17,703**	**196,297**
Capital expenditure	**($000)**	**($000)**	**($000)**	**($000)**	**($000)**
1.1.1 - City governance and engagement	-	-	116	-	379
1.1.2 - Civic information	-	-	-	-	-
1.1.3 - City archives	-	-	-	-	-
Total capital expenditure	**-**	**-**	**116**	**-**	**379**
1.2 Maori and Mana Whenua partnerships	2014/15 AP 2014/15 Gross Expenditure	2015-25 LTP 2015/16 Gross Expenditure	2015-25 LTP 2016/17 Gross Expenditure	2015-25 LTP 2017/18 Gross Expenditure	2015-25 LTP 10-year total Gross Expenditure
Operating expenditure	**($000)**	**($000)**	**($000)**	**($000)**	**($000)**
1.2.1 - Maori and Mana Whenua partnerships	225	281	288	296	3,190
Total operating expenditure	**225**	**281**	**288**	**296**	**3,190**
Capital expenditure	**($000)**	**($000)**	**($000)**	**($000)**	**($000)**
1.2.1 - Maori and Mana Whenua partnerships	-	-	-	-	-
Total capital expenditure	**-**	**-**	**-**	**-**	**-**

2 Environment

Taiao

By the numbers

58

Gigajoules of electricity used per person annually in Wellington. This compares with 81 gigajoules for an average European city and 228 gigajoules for an average Australasian city.

206.5

Square metres of green open space for each person living in Wellington city.

340

Kilometres of Council-managed tracks and walkways in the city's open space areas.

50,712

Number of native plants planted by the council during the last financial year (2013/14).

80,832

Tonnes of waste deposited in Wellington's landfill during the last financial year – a reduction of 6% from the year prior.

The Council is responsible for vital services such as water supply, waste reduction and disposal, wastewater and stormwater services, funding environmental attractions such as Zealandia and theZoo, managing open spaces such as the Town Belt and Outer Green Belt and the city's beaches and coastline.

We fund these services because they are critical to the lives of individual Wellingtonians and to the community as a whole.

They ensure that the city is safe and liveable, and that basic human needs are met.

They minimise harmful effects from human activity.

They provide recreation opportunities, attract visitors, and make the city a beautiful place to live.

The environment is the Council's biggest area of activity, with planned net operational spending of $1.64 billion over the next 10 years. Of that, the majority is spent on core services such as water, wastewater and stormwater.

The quality of Wellington's environment depends on all of us – residents, businesses and industries, land users, the Council, regional and central government, and others.

The Council is a regulator, a funder and provider of services. We provide the basic services which make the city run.

We invest heavily in environmental assets and services because they matter for all residents of the city.

All of our work involves partnerships, with local communities and businesses, volunteer organisations, other local authorities, and regional and central government. Water, wastewater and drainage networks are managed by Wellington Water, which is jointly owned by the Greater Wellington Regional Council and Hutt, Porirua, Upper Hutt and Wellington city councils.

Wellington City Council's environmental activities are mainly funded through rates and user charges. Decisions about funding depend on a range of things, including: who benefits, how essential the service is, and the 'polluter pays' principle.

Key projects

Understanding the impacts of climate change

During this century, according to scientific modelling, climate change will have an increasingly significant impact on Wellington and other coastal cities.

Over the next 100 years the sea level is predicted to rise by somewhere between 60 centimetres and 1.1 metres. Along with this, the water table will also rise. Potential impacts include erosion and inundation of low-lying coastal land, damage to infrastructure and building foundations, increased flood risks, and increased risks of liquefaction in the event of an earthquake.

A warming climate is also likely to make severe storms more frequent, bringing risks of property and infrastructure damage.

One of the most important tasks facing the Council is to prepare the city for these impacts. We will have to make decisions, for example, about whether coastal land needs to be protected by sea walls, or changes are needed to the stormwater system or other infrastructure.

The first step is to understand the possible impacts, and the measures that can be taken to reduce or mitigate those impacts. Over the next three years, we will:

- Assess the impact of rising sea levels on the stormwater network and the water table, so we can make sensible decisions about land use, building and infrastructure
- Review District Plan provisions for areas that might be vulnerable to rising sea levels.

Our contribution to climate change

By comparison with other cities, Wellington is a relatively low emitter of greenhouse gases.

There are several reasons for this. The city has a relatively compact urban footprint, easy access to public transport, and an economy that relies on services rather than agriculture or heavy industry. It also has access to renewable energy – the two wind farms on the city's outskirts together produce enough power for 100,000 average homes.

The Council is committed to further reduction in the city's contribution to climate change. Our 2020 target is for the city's greenhouse gas emissions to be 30% below 2001 levels. So far, emissions have at least stabilised since 2009/10.

All action on climate change involves partnership. The Council can take some steps, but it's the city's residents, communities, land and building owners, businesses, and researchers who can make the most difference.

Much of the Council's role is in planning decisions. In the next three years, a key focus will be implementing transport initiatives that help the increasing numbers of Wellingtonians getting around the city on foot, bikes, or buses. Urban growth will be focused along bus priority routes.

We will also:

- Extend our support for Enviroschools
- Continue our award-winning smart energy programme
- Review our climate change action plan
- Develop a coastal resilience plan.

Southern Landfill

Construction of Stage four of the landfill (which will provide capacity for at least another 40 years) will begin in 2016.

Understanding key infrastructure

The city's biggest infrastructure asset is one that is rarely seen. It lies out of sight, underground. There, more than 2,700 kilometres of pipes and tunnels criss-cross the city, carrying water to homes, businesses, schools and hospitals, or carrying sewage to treatment plants or stormwater to the sea.

Together, this network and associated assets are valued at around $1.3 billion. Lay all of the pipes end to end and they would reach Sydney.

Managing these assets is one of the biggest areas of the Council's activity and each year we spend more than $50 million to operate the city's water, wastewater and stormwater networks and we invest more than $25 million in new or upgraded assets.

Through better management of these assets, we anticipate that we can make significant savings over the next few years, while maintaining service levels.

We will also focus on new urban growth in areas where existing water and stormwater networks already have enough capacity to deal with added demand.

Managing harm from stormwater

Every year, millions of litres of stormwater are discharged into the city's streams, harbour and coastal waters. That stormwater can contain contaminants, such as oils, paints, detergents, litter, animal droppings, and after heavy rainfall, sewage. The environmental impacts of stormwater runoff are monitored, and generally comply with resource consents and environmental standards.

In the next three years, we will introduce real-time monitoring of the stormwater network. This will enable us to measure flows of stormwater and pollutants into waterways, and allow us to manage flows when stormwater is causing environmental harm.

An interactive children's garden

Plans are well advanced for a unique, interactive children's garden near the playground in the Botanic Garden. The children's garden will be a fun, hands-on place where children can explore and make discoveries about the plants used for food, medicine, clothing and shelter.

The garden will be part-funded through public donations and the Plimmer Bequest.

www.childrensgardenwellington.com

Te Motu Kairangi- /-Miramar peninsula

The Council will continue to work with others to see the northern point of Miramar peninsula retained and developed as a natural heritage destination. This will be part funded from the Plimmer Bequest.

Our Natural Capital

The Council has finalised its biodiversity strategy in 2015 and developed an implementation plan to protect and restore the city's indigenous biodiversity.

The Council is also increasing the funding for pest control initiatives in the next 10 years to protect Wellington's biodiversity. This falls under the auspices of Our Natural Capital: Wellington's Biodiversity Strategy and Action Plan.

Freedom camping

Over the next two years we will plan and prepare for a new stand-alone freedom camping area. We are also funding improved management and security patrolling of existing freedom camping areas and will provide capital funding in 2015/16 for improved signage, rubbish facilities in coastal areas and sensor parking at Te Kopahau Reserve.

1st place

In a 2012 survey of the environmental performance of Australasian cities, Wellington was a top performer in greenhouse gas emissions, energy consumption, waste generation and recycling, and air quality.

In a 2014 survey of six NZ cities, Wellington residents were more likely than residents of other cities to perceive their natural environment as beautiful, and more likely to say they had easy access to a local park or other green space.

5.5 tonnes

CO_2 emissions per capita, Wellington City.

20.4 tonnes

CO_2 emissions per capita, average for major cities in New Zealand and Australia.

Environment - group of activities

Group of activities	Rationale	Service offering	Negative effects
2.1 Parks, gardens, beaches and green open spaces 2.1.1 Local parks and open spaces 2.1.2 Botanical gardens 2.1.3 Beaches and coast operations 2.1.4 Roads open spaces 2.1.5 Town belts 2.1.6 Community environmental initiatives 2.1.7 Walkways 2.1.8 Biodiversity 2.1.9 Waterfront public space	Provide access to green open spaces. Provide public places to congregate. Provide access to recreational opportunities. Enhance biodiversity.	Manage and maintain: • 4,000ha of parks, reserves and beaches • 200 buildings for community use • 340km of walking and mountain bike tracks • over 200,000m2 of amenity bedding and horticultural areas • boat ramps, wharves, seawalls and slipways.	In our management of the city's green open spaces, we seek to balance recreation needs against environmental protection. While recreational use can have negative effects on the immediate environment, in most cases these are not significant. We do not anticipate any other significant negative effects associated with our management of these services.
2.2 Waste reduction and energy conservation 2.2.1 Waste minimisation, disposal and recycling 2.2.2 Closed landfills aftercare 2.2.3 Energy efficiency and conservation	Minimise and manage waste.	Manage and monitor: • landfill operations and composting waste at the Southern Landfill • domestic recycling and rubbish collection • the environmental impacts of closed landfills • programmes to educate residents to manage and minimise waste effectively.	Waste management has the potential to create leachates and gases. The construction and management of the southern landfill is designed to minimise the impact of these. The service is subject to resource consent conditions and is monitored.
2.3 Water 2. 3.1 Water network 2.3.2 Water collection and treatment	Security of supply of potable water.	• Ensure high quality water is available at all times for drinking and other household and business uses. • Maintain 80 reservoirs, 34 pumping stations, 8,000 hydrants and 1,250km of pipes.	We do not anticipate any significant negative effects associated with our provision of these services.
2.4 Wastewater 2.4.1 Sewage collection and disposal 2.4.2 Sewage treatment	Clean waterways are essential for public health and to the city's environment.	• Provide and monitor the city's sewage collection, treatment and disposal in line with resource consent conditions. • Introduce a real-time network monitoring system. • Monitor the performance of Wellington Water.	The wastewater network aims to minimise the harm to people that would arise without it. The council has made significant investment in plant and equipment to treat the waste before it is disposed. There is the risk of minor overflows into waterways during storm events. These occurrences are rare and are monitored to reduce environmental and public health impacts.

Group of activities	Rationale	Service offering	Negative effects
2.5 Stormwater 2.5.1 Stormwater management	Keep people and property safe from flooding.	• Maintain, renew and upgrade the stormwater network to protect flooding. • Introduce a hydraulic model.	The stormwater network aims to minimise the impact of flooding. The network can carry containments, such as oils from roads or run off from developments, into waterways. We educate residents to change behaviours, such as pouring paint down drains, and monitor our waterways.
2.6 Conservation Attractions 2.6.1 Conservation visitor attractions	Inform and educate on the importance of conservation and biodiversity. Attract visitors. Protection of flora and fauna.	• Provide funding to Wellington Zoo. • Support its expansion with the new *Meet the Locals* Exhibition. • Part fund Zealandia. • Monitor performance. • Provide a one-off $6 million grant for the development of an ocean exploration centre on the south coast (subject to third party funding and a final business case).	We do not anticipate any significant negative effects associated with our role in these services.

Environment - performance measures

Environment	
Objectives	**Security of supply** **Waste reduction** **Access to green open spaces** **Biodiversity**
Outcome indicators	Open space land owned or maintained by WCC - total hectares or square metres per capita Residents' usage of the city's open spaces - local parks and reserves, botanic gardens, beaches and coastal areas, and walkways Residents' perceptions that the natural environment is appropriately managed and protected Hours worked by recognised environmental volunteer groups and botanic garden volunteers Water consumption (commercial and residential combined) Freshwater biological health (macro invertebrates) - Makara, Karori, Kaiwharawhara and Porirua streams Freshwater quality - Makara, Karori, Kaiwharawhara and Porirua streams (note data for Owhiro Stream not available) Energy use per capita Number/ square metres of 'green star' buildings/space in the city Total kerbside recycling collected per capita Total waste to the landfill per capita Selected indicators from the City Biodiversity Index (specific indicators to be confirmed)

2.1 Gardens, beaches and green open spaces

2.1.1 Local parks and open spaces

2.1.2 Botanical gardens

2.1.3 Beaches and coast operations

2.1.4 Roads open spaces

2.1.5 Town belts

2.1.6 Community environmental initiatives

2.1.7 Walkways

2.1.8 Biodiversity (pest management)

2.1.9 Waterfront public space

Purpose of measure	Performance measure	2015/16	2016/17	2017/18	2018-25
To measure the quality of the open spaces we provide	Residents' satisfaction (%) with the quality and maintenance of green open spaces - local parks, playgrounds and reserves; botanic gardens; beaches and coastal areas; and walkways	90%	90%	90%	90%
	Number of visitors to the Botanic Gardens (including Otari-Wiltons Bush)	1,280,000	1,280,000	1,280,000	1,280,000
To measure the quality of street cleaning services	Residents' satisfaction (%) with the quality of street cleaning	85%	85%	85%	85%
	Street cleaning (%) compliance with quality performance standards	98%	98%	98%	98%
To measure the quality and quantity of work we undertake to protect biodiversity	We will plant 2 million trees by 2020	1,389,777 (69% of 2020 target)	1,539,927 (77% of 2020 target)	1,690,127 (85% of 2020 target)	2 million by 2020 (100% of target)
	High value biodiversity sites (%) covered by integrated animal pest control or weed control	55%	59%	63%	70% by 2020
	Proportion of grant funds successfully allocated (through milestones being met)	95%	95%	95%	95%

2.2 Waste reduction and energy conservation

2.2.1 Waste minimisation, disposal and recycling management

2.2.2 Closed landfills aftercare

2.2.3 Energy efficiency and conservation

Purpose of measure	Performance measure	2015/16	2016/17	2017/18	2018-25
To measure the quality of waste reduction and recycling services	Residents (%) satisfaction with recycling collection services	85%	85%	85%	85%
	Waste diverted from the landfill (tonnes)	at least 16,500 tonnes of recyclable material	at least 16,500 tonnes of recyclable material	at least 16,500 tonnes of recyclable material	at least 16,500 tonnes of recyclable material
	Residents (%) who regularly use recycling (including weekly, fortnightly or monthly use)	90%	90%	90%	90%

To measure the quality of our waste disposal services	Residents (%) satisfaction with waste collection services	90%	90%	90%	90%
	Energy sourced from the Southern Landfill (Gwh)	8GWh	8GWh	8GWh	8GWh
To measure the amount (quantity) of the Council's energy consumption and emissions	WCC corporate energy use (incl WCC general, pools and recreation centres, and CCOs)	Decrease in energy use from previous year	Decrease in energy use from previous year	Decrease in energy use from previous year	Decrease in energy use from previous year
	WCC corporate greenhouse gas emissions	Compared to 2003, reduce emissions 40% by 2020 and 80% by 2050	Compared to 2003, reduce emissions 40% by 2020 and 80% by 2050	Compared to 2003, reduce emissions 40% by 2020 and 80% by 2050	Compared to 2003, reduce emissions 40% by 2020 and 80% by 2050

2.3 Water

2.3.1 Water network

2.3.2 Water collection and treatment

Purpose of measure	Performance measure	2015/16	2016/17	2017/18	2018-25
To measure the quality of water supplied to residents and the services that ensure security of supply	Compliance with Drinking Water Standards for NZ 2005 (revised 2008) (Part 4 bacterial compliance criteria) and (Part 5 protozoal compliance criteria)	100%	100%	100%	100%
	Maintenance of water supply quality gradings from Ministry of Health	Maintain	Maintain	Maintain	Maintain
	Customer satisfaction with water supply	90%	90%	90%	90%
	Number of complaints about:: (a) drinking water clarity (b) drinking water taste (c) drinking water odour (d) drinking water pressure or flow (e) drinking water continuity of supply (f) responsiveness to drinking water complaints per 1000 connections.	Baseline	n/a	n/a	n/a
	Median response time for:				
	(a) attendance for urgent call outs	60 min	60 min	60 min	60 min
	(b) resolution for urgent call outs	4 hours	4 hours	4 hours	4 hours
	(c) attendance for non-urgent call outs	36 hours	36 hours	36 hours	36 hours
	(d) resolution for non-urgent call outs	15 days	15 days	15 days	15 days
	Percentage of real water loss from networked reticulation system	<14%	<14%	<14%	<14%
	Average drinking water consumption/resident/day	375 litres per day	375 litres per day	375 litres per day	375 litres per day
	Number of unplanned supply cuts per 1000 connections	<4	<4	<4	<4

2.4 Wastewater

2.4.1 Sewage collection and disposal network

2.4.2 Sewage treatment

Purpose of measure	Performance measure	2015/16	2016/17	2017/18	2018-25
To measure the quality and timeliness of the wastewater service	Number of wastewater reticulation incidents per km of reticulation pipeline (blockages)	<=1.2	<=1.2	<=1.2	<=1.2
	Dry weather wastewater overflows/1000 connections	0	0	0	0
	Customer satisfaction with the wastewater service	75%	75%	75%	75%
	Number of complaints about:: (a) wastewater odour (b) wastewater system faults (c) wastewater system blockages (d) responsiveness to wastewater system issues per 1000 connections.	Baseline	n/a	n/a	n/a
	Median response time for wastewater overflows: (a) attendance time (b) resolution time	(a) <=1 hour (b) <=6 hours	(a) <=1 hour (b) <=6 hours	(a) <=1 hour (b) <=6 hours	(a) <=1 hour (b) <=6 hours
To measure the impact of wastewater on the environment	Breaches of resource consents for discharges from wastewater system. Number of: - abatement notices - infringement notices - enforcement orders - convictions for discharges from wastewater system.	0	0	0	0

2.5 Stormwater

2.5.1 Stormwater management

Purpose of measure	Performance measure	2015/16	2016/17	2017/18	2018-25
To measure the quality and timeliness of the stormwater service	Number of pipeline blockages per km of pipeline	<= 0.5	<= 0.5	<= 0.5	<= 0.5
	Customer satisfaction with stormwater management	75%	75%	75%	75%
	Number of complaints about stormwater system performance per 1000 connections	Baseline	n/a	n/a	n/a
	Median response time to attend a flooding event	<= 60 minutes	<= 60 minutes	<= 60 minutes	<= 60 minutes

To measure the impact of stormwater on the environment	Breaches of resource consents for discharges from stormwater system. Number of: - abatement notices - infringement notices - enforcement orders - convictions for discharges from stormwater system.	0	0	0	0
	Number of flooding events	Trend only	n/a	n/a	n/a
	Number of habitable floors per 1000 connected homes per flooding event	Trend only	n/a	n/a	n/a
	Percentage of days during the bathing season (1 November to 31 March) that the monitored beaches are suitable for recreational use.	90%	90%	90%	90%
	Percentage of monitored sites that have a rolling 12 month median value for E.coli (dry weather samples) that do not exceed 1000 cfu/100ml	90%	90%	90%	90%

2.6 Conservation attractions

2.6.1 Conservation visitor attractions

Purpose of measure	Performance measure	2015/16	2016/17	2017/18	2018-25
To measure the success of our investments in conservation attractions	Zoo - total admissions	234,713	239,407	244,195	Increase 2% each year
	Zealandia - visitors	92,500	93,600	93,600	93,600

Environment - activity budget

2.1 Gardens, beaches and green open spaces	2014/15 AP 2014/15 Gross Expenditure	2015-25 LTP 2015/16 Gross Expenditure	2015-25 LTP 2016/17 Gross Expenditure	2015-25 LTP 2017/18 Gross Expenditure	2015-25 LTP 10-year total Gross Expenditure
Operating expenditure	**($000)**	**($000)**	**($000)**	**($000)**	**($000)**
2.1.1 - Local parks and open spaces	8,545	8,756	8,812	8,977	96,022
2.1.2 - Botanical gardens	4,762	4,752	4,921	5,050	55,971
2.1.3 - Beaches and coast operations	1,371	1,409	1,445	1,112	12,753
2.1.4 - Roads open spaces	7,645	8,147	8,426	8,719	96,443
2.1.5 - Town belts	5,080	4,665	4,991	5,338	63,770
2.1.6 - Community environmental initiatives	632	743	790	767	8,874
2.1.7 - Walkways	597	582	600	639	7,337
2.1.8 - Biodiversity (Pest management)	1,530	1,704	1,899	1,978	20,595
2.1.9 - Waterfront Public Space	-	1,737	1,726	1,765	18,576
Total operating expenditure	**30,162**	**32,494**	**33,610**	**34,344**	**380,340**
Capital expenditure	**($000)**	**($000)**	**($000)**	**($000)**	**($000)**

2.1.1 - Local parks and open spaces	1,098	1,286	701	1,505	16,118
2.1.2 - Botanical gardens	602	433	528	704	7,679
2.1.3 - Beaches and coast operations	568	227	176	181	2,009
2.1.4 - Roads open spaces	-	-	-	-	-
2.1.5 - Town belts	110	135	248	229	3,552
2.1.6 - Community environmental initiatives	-	-	-	-	-
2.1.7 - Walkways	625	550	1,014	1,253	7,292
2.1.8 - Biodiversity (Pest management)	-	-	-	-	-
2.1.9 - Waterfront Public Space	-	-	-	-	-
Total capital expenditure	**3,003**	**2,632**	**2,666**	**3,872**	**36,650**
2.2 Waste reduction and energy conservation	2014/15 AP 2014/15 Gross Expenditure	2015-25 LTP 2015/16 Gross Expenditure	2015-25 LTP 2016/17 Gross Expenditure	2015-25 LTP 2017/18 Gross Expenditure	2015-25 LTP 10-year total Gross Expenditure
Operating expenditure	**($000)**	**($000)**	**($000)**	**($000)**	**($000)**
2.2.1 - Waste minimisation, disposal and recycling management	12,802	12,836	13,335	13,642	146,147
2.2.2 - Closed landfills aftercare	404	522	414	322	2,975
2.2.3 - Energy efficiency and conservation	-	282	334	134	1,774
Total operating expenditure	**13,206**	**13,641**	**14,083**	**14,097**	**150,896**
Capital expenditure	**($000)**	**($000)**	**($000)**	**($000)**	**($000)**
2.2.1 - Waste minimisation, disposal and recycling management	776	1,238	1,232	5,882	21,281
2.2.2 - Closed landfills aftercare	-	-	-	-	-
2.2.3 - Energy efficiency and conservation	-	-	-	-	-
Total capital expenditure	**776**	**1,238**	**1,232**	**5,882**	**21,281**
2.3 Water	2014/15 AP 2014/15 Gross Expenditure	2015-25 LTP 2015/16 Gross Expenditure	2015-25 LTP 2016/17 Gross Expenditure	2015-25 LTP 2017/18 Gross Expenditure	2015-25 LTP 10-year total Gross Expenditure
Operating expenditure	**($000)**	**($000)**	**($000)**	**($000)**	**($000)**
2.3.1 - Water network	25,738	23,394	23,788	25,310	273,466
2.3.2 - Water collection and treatment	14,174	14,932	16,179	17,219	222,414
Total operating expenditure	**39,912**	**38,327**	**39,966**	**42,529**	**495,880**
Capital expenditure	**($000)**	**($000)**	**($000)**	**($000)**	**($000)**
2.3.1 - Water network	12,294	16,951	14,935	15,410	201,433
2.3.2 - Water collection and treatment	-	-	-	-	-
Total capital expenditure	**12,294**	**16,951**	**14,935**	**15,410**	**201,433**
2.4 Wastewater	2014/15 AP 2014/15 Gross Expenditure	2015-25 LTP 2015/16 Gross Expenditure	2015-25 LTP 2016/17 Gross Expenditure	2015-25 LTP 2017/18 Gross Expenditure	2015-25 LTP 10-year total Gross Expenditure
Operating expenditure	**($000)**	**($000)**	**($000)**	**($000)**	**($000)**

2.4.1 - Sewage collection and disposal network	18,767	19,157	19,507	20,694	225,964
2.4.2 - Sewage treatment	22,837	22,654	23,596	24,828	280,504
Total operating expenditure	**41,604**	**41,811**	**43,103**	**45,523**	**506,469**
Capital expenditure	**($000)**	**($000)**	**($000)**	**($000)**	**($000)**
2.4.1 - Sewage collection and disposal network	7,745	10,481	11,327	13,319	133,330
2.4.2 - Sewage treatment	-	-	-	-	-
Total capital expenditure	**7,745**	**10,481**	**11,327**	**13,319**	**133,330**
2.5 Stormwater	2014/15 AP 2014/15 Gross Expenditure	2015-25 LTP 2015/16 Gross Expenditure	2015-25 LTP 2016/17 Gross Expenditure	2015-25 LTP 2017/18 Gross Expenditure	2015-25 LTP 10-year total Gross Expenditure
Operating expenditure	**($000)**	**($000)**	**($000)**	**($000)**	**($000)**
2.5.1 - Stormwater management	18,777	17,588	18,054	19,111	213,669
Total operating expenditure	**18,777**	**17,588**	**18,054**	**19,111**	**213,669**
Capital expenditure	**($000)**	**($000)**	**($000)**	**($000)**	**($000)**
2.5.1 - Stormwater management	4,255	4,455	7,020	7,652	59,476
Total capital expenditure	**4,255**	**4,455**	**7,020**	**7,652**	**59,476**
2.6 Conservation attractions	2014/15 AP 2014/15 Gross Expenditure	2015-25 LTP 2015/16 Gross Expenditure	2015-25 LTP 2016/17 Gross Expenditure	2015-25 LTP 2017/18 Gross Expenditure	2015-25 LTP 10-year total Gross Expenditure
Operating expenditure	**($000)**	**($000)**	**($000)**	**($000)**	**($000)**
2.6.1 - Conservation visitor attractions	6,126	6,459	6,625	12,899	77,105
Total operating expenditure	**6,126**	**6,459**	**6,625**	**12,899**	**77,105**
Capital expenditure	**($000)**	**($000)**	**($000)**	**($000)**	**($000)**
2.6.1 - Conservation visitor attractions	794	1,316	817	843	9,589
Total capital expenditure	**794**	**1,316**	**817**	**843**	**9,589**

3 Economic development and 4 Cultural wellbeing

Whanaketanga ōhanga me / Oranga ahurea

By the numbers

2.4%

Wellington City average annual GDP growth – 10 years to March 2013. This compared with 2.2% nationwide. Of New Zealand's 66 local authorities, Wellington ranked 25th over the decade for GDP growth.

$30.9m

Contribution to Wellington's economy during 2013/14 from 'A level' events supported by Wellington City Council.

21

Number of Wellington businesses ranked among New Zealand's 200 largest

5

Number of Wellington businesses ranked among New Zealand's 10 fastest-growing.

The Council funds events and festivals, supports attractions such as Te Papa, the Carter Observatory and the city's galleries and museums, markets Wellington to tourists from New Zealand and overseas, operates conference facilities, supports community art and cultural activities, promotes business, education and cultural links through sister city relationships and provides free weekend parking in the Central Business District.

We fund these activities because they matter to the lives of individual Wellingtonians and to the community as a whole.

They make Wellington a more vibrant place to live, and they matter to residents' quality of life, their prosperity, identity and the opportunities available to them.

Our work in this area is guided by our Economic Development Strategy, our Arts and Cultural Strategy and the Events Policy.

In coming years, the Council plans to invest for growth, unlocking Wellington's potential and making the city more vibrant and prosperous.

The strength of Wellington's economy depends on its people, its entrepreneurs, researchers, innovators, businesses and skilled workers.

The strength of its creative culture also depends on people, the output of artists, writers, musicians, and dancers and on the expressiveness of Wellington's communities.

The Council can only play a small, but important, role in these sectors. We provide an environment in which creativity and innovation flourish, and an environment that enables business activity that supports artistic and cultural endeavours and celebrates the identities of the city's many communities.

We also act as a catalyst for funding infrastructure, festivals, events and promotional activities that support economic and cultural activity.

The Council's economic and cultural activities are funded through a combination of general rates, targeted rates, user charges and other income.

Key projects and initiatives

Investing for growth

Although Wellington's economy is growing, it still has untapped potential, particularly in industries such as tourism, screen production and ICT. Tapping into that potential would bring more prosperity to the city, make it more vibrant, and provide a wider range of opportunities for residents.

Higher growth would also increase the rates base, allowing more investment in a stronger environment and higher quality of life.

Many of the new projects in this Long-term Plan are aimed at supporting growth in the economy, making it smarter, faster-growing, and more attractive to businesses and visitors, entrepreneurs, investors and skilled workers.

The key projects outlined in this section are at different stages of development. Detailed business cases will be developed for each of the projects in due course and these will set out the full costs and funding options. Further consultation will take place before final decisions are made.

A longer airport runway

Wellington's economic prosperity depends on the strength of its connections with the rest of the world.

The lack of long-distance direct air connections reduces the region's ability to attract tourists, international students, support business growth and make business connections.

We are working with Wellington International Airport Ltd (WIAL) on this project. The total cost of the runway extension is expected to be about $300 million. It is anticipated that funding will be drawn from those that benefit – the Airport, residents, and businesses across the wider region, and the Government in light of potential economic benefits to New Zealand.

We have budgeted $90 million as our contribution towards a longer runway. Spreading this investment over 40 years would result in an annual cost of around $6.5 million commencing in 2019/20.

The Council will make a final decision on this project and whether to commit funding to construction in a future long-term plan, once WIAL has obtained resource consent for the project and the Council has received and considered a cost-benefit analysis and business case from WIAL

that will be independently reviewed. Other key considerations before the Council makes its final decision relate to:

- resilience of a runway extension to weather and climate change
- the proposed investment vehicle and any revenue agreement
- satisfactory airline commitments
- funding arrangements for construction and confirmed construction costs
- the governance and management structure to oversee construction.

The Council will also undertake further public consultation before making a final decision on whether to commit funding to construct the runway extension.

A central city tech hub

ICT is Wellington's fastest growing business sector, contributing more than $2.4 billion in GDP to the region annually and supporting more than 15,000 jobs.

One of the critical conditions for success in high-tech industries is opportunities for people to connect with each other, sharing knowledge, ideas, innovation, investment, and pathways to national and international markets.

We plan to establish a 'tech hub' to help high-tech start-ups connect with funders, investors and international speakers. The Council's contribution towards the Tech Hub will be up to a maximum of $3.2 million over the next three years.

Film and screen productions

Wellington's screen production sector thrills, inspires and amazes people here and around the world. However, the industry is also heavily dependent on one-off productions. A challenge is to create a growing and more continuous flow of projects.

The Council will work with the industry more closely and explore opportunities to grow the sector in the city.

A joined-up, regional approach

Wellington City's economy is not separate from the economies of neighbouring cities – the region forms a single economy.

Nor can the various sectors of the economy, such as events, tourism, hospitality, screen production and ICT, be considered separate. The success of one sector inevitably contributes to the success of another, by making the city more prosperous, increasing opportunities available to residents, and attracting visitors, workers, and businesses.

For that reason, the Council has worked with Greater Wellington Regional Council and other local authorities to establish the Wellington Regional Economic Development Agency (WREDA), a single agency responsible for economic development, events and tourism throughout the region.

This agency will be able to provide a clear direction for economic development across the region, leading to higher growth, more jobs and tourists, and stronger communities.

The inclusive and culturally diverse city

Of the 200,100 people who live in Wellington City, 29% were born outside of New Zealand, 24% speak a language other than English, and 29% identified with a non-European ethnic group.

Wellington is a city that celebrates diversity. As a city of government and business, we value the connections that a diverse population has with other parts of the world. As a creative city, we love when people express themselves, sharing their stories, sounds, pictures and identities.

In an increasingly globalised world, our willingness to embrace diversity is an advantage and one that makes us attractive to visitors, investors, entrepreneurs and skilled people from all parts of the world.

In coming years, the Council will continue to encourage and celebrate diversity, by supporting arts and cultural events and small arts organisations ranging from Tawata, Randell, Orpheus, Matariki and Diwali to WOW and the New Zealand Festival.

We have also increased our cultural grants fund from 2016/17 to increase our level of support to the Capital's arts and cultural institutions.

Through the Destination Wellington programme, we are also promoting Wellington internationally as a place to live, learn and do business.

Increasing the range of visitor attractions

Wellington is one of New Zealand's fastest-growing tourism markets, with a 39% increase in visitor guest nights over the 10 years to 31 March 2014. Higher visitor numbers means the city can support a wider range of visitor attractions.

While we have one of the country's fastest growing tourism markets, there is still considerable untapped potential in the market. Not only can we attract more visitors, we can also encourage them to stay longer and spend more.

We are planning to invest in the following projects in the coming years:

- The expansion of the Wellington Museum, to enable it to show more of its collection and attract more visitors. Phase 1 of the redevelopment is underway and along with The Wellington Museums Trust we will continue to develop plans for further development
- The development of a world-class ocean exploration centre at the Maranui Quarry site in Lyall Bay, providing opportunities to discover Wellington's marine life and ocean environment. We have included $6 million in 2018/19 for this project. The Council's funding is contingent on the project securing the remaining costs ($17.5 million) from social investors and the Government
- The development of a Museum of War and Peace adjacent to the Pukeahu Memorial Park. This project will be mainly funded by the Ministry for Culture and Heritage. A provisional contribution from the Council is budgeted at $10 million capital for 2018/19.

Increased funding for major events

Wellington is New Zealand's events and creative capital, but we face increasing competition from other Australasian cities for the right to host major events. To maintain our economic and cultural edge, we have increased the funding available to attract and support major events, ensuring that the city is able to bring in new attractions and retain those it currently has. We have increased our Events Development Fund (implemented through WREDA) to around $5 million per year for the 10 years of the plan.

The New Zealand Festival

The festival is New Zealand's premier arts and cultural event. It's currently held every two years and attracts world-class line-ups of performers. We have increased our grant to the festival by $500,000 to secure 'off-year' events or shows in the city. This complements the New Zealand Festival's own success at raising the majority of its funding from ticket sales and other sources.

We will support another of the city's cultural institutions – the Circa Theatre. We have budgeted a grant of $250,000 over the next three years to support the theatre and $15,000 per annum over the next three years for technical support of external groups.

An indoor arena

Wellington has no indoor venue capable of seating more than 5000 people. As a result, the region misses out on international artists who play in other cities such as Auckland and Christchurch.

This comes as an economic cost to the city as we are missing out on a range of events including rock concerts and other music events that can attract large numbers of people to the city.

The Council is progressing work to scope the feasibility of developing an 8,000-12,000 seat indoor arena in the central city.

If a decision is made to proceed further, a business case will be developed and partnership funding options explored.

Movie Museum and Convention Centre

Originally planned in the Long-term Plan 2015-25 as separate offerings, these two key projects are now going to be delivered as the one project, allowing the Movie Museum and Convention to be offered out of the same central location

This project will deliver on two of the Big 8 ideas;

- deliver a world- class Movie Museum to promote a major and highly successful local industry; raise the city's profile and attract more tourists and get them staying longer
- deliver a new purpose built convention centre would allow the city to maintain and increase its market share in the lucrative conference market, creating jobs and bringing economic benefit to the city.

Council plans to build and own a modern purpose built building to house the Movie Museum and Convention Centre in a prime location directly opposite Te Papa. The building will be designed to create an iconic landmark in matching of the world class facilities housed inside. The Movie Museum will be operated over the bottom two floors and the Convention Centre will be operated on the top floor.

The Council will fit out of the Convention Centre and it will be operated through Positively Wellington Venues on behalf of the Council. The operation and fit out of the Movie Museum will be undertaken by The Movie Museum Limited (TMML). TMML will hold a 25 year lease over, and is a company owned by Sir Peter Jackson, Fran Walsh, Sir Richard Taylor and Tania Rodger.

The construction of the building will commence in January 2017 and is planned to conclude in xxx, costing the Council $150 million, upon completion the offering is expected to generate $37.5 million of economic benefit for the city per annum.

1st place

In a 2014 survey of six NZ cities, Wellington residents were much more likely than residents of other cities to:

- agree that cultural diversity made their city a better place – Wellingtonians said that cultural diversity made the city a more vibrant and interesting place
- agree that Wellington has a culturally rich and diverse arts scene

Wellington residents were also:

- more likely to be in paid employment than residents of other cities
- more likely to be satisfied with their work-life balance than residents of most other cities.

Economic development - group of activities

Group of activities	Rationale	Service offering	Negative effects

3.1 City promotions and business support
3.1.1 WREDA
3.1.2 Wellington Convention Centre
3.1.3 Retail support
3.1.4 WIED fund/Economic Grants
3.1.5 Major projects - economy
3.1.6 International relations
3.1.7 Business improvement districts
	Talent attraction and retention
	Grow tourism spend and economic returns from events.
	Grow inward investment and exports.
	Sustain city vibrancy.
		• Promoting Wellington to visitors
		• Attracting and supporting major events
		• Offering convention and concert venues
		• Building regional and international relations
		• Attracting and supporting business activity
		• Exploring major economic development initiatives such as the:
		  • Runway extension and airline attraction
		  • Convention centre
		  • Indoor arena
		  • War and peace museum
			We do not anticipate any significant negative effects associated with our role in these services.

Cultural wellbeing - group of activities

Group of activities	Rationale	Service offering	Negative effects
4.1 Arts and cultural activities 4.1.1 City galleries and museums 4.1.2 Visitor attractions (Te Papa/Carter Observatory) 4.1.3 Arts and cultural festivals 4.1.4 Cultural grants 4.1.5 Access and support for community arts 4.1.6 Arts partnerships 4.1.7 Regional amenities fund	The arts contribute to a vibrant CBD and provide opportunities for cultural expression. Build a sense of place and identity. Grow visitation and exposure to creativity and innovation.	• Funding to Te Papa, Wellington Museum of City & Sea, City Gallery, Capital E, the Cable Car Museum, Carter Observatory, Movie Museum and Nairn Street Historic Cottage. • Support major events and festivals that generate economic returns • Provide fund grants to arts organisations. • Manage the Toi Poneke Arts Centre, the City Art Collection. • Te Ara o Nga Tupuna Heritage Trail and Te Motu Kairangi Plan	We do not anticipate any significant negative effects associated with our role in these services.

Economic development - performance measures

Economic development	
Objectives	**Tourism spend** **Investment attraction / digital exports** **City vibrancy**
Outcome indicators	Number of domestic and international visitors (guest nights) Average length of stay - international and domestic Number of major conferences Number of A-level events held in Wellington and their economic contribution New Zealand's top 200 companies based in Wellington Business enterprises - births and growths (net growth in business) Domestic and international airline passengers entering Wellington airport Free wifi usage (logons/day) - waterfront and central city Pedestrian counts - average of various Lambton Quay sites Businesses and employees in research and development sector Secondary (international) and tertiary (international and domestic) students enrolled per 1,000 residents Events/activities held with international cities (in Wellington and overseas)

3.1 City promotions and business support

3.1.1 WREDA

3.1.2 Wellington Convention Centre

3.1.3 Retail Support

3.1.4 WIED fund/Economic Grants

3.1.5 Major projects - economy

3.1.6 International relations

3.1.7 Business improvement districts

Purpose of measure	Performance measure	2015/16	2016/17	2017/18	2018-25
To measure the quality of our investments in promoting the city	WREDA - Positively Wellington Tourism partnership funding	Maintain council's funding at less than 50% of total income	Maintain council's funding at less than 50% of total income	Maintain council's funding at less than 50% of total income	Maintain council's funding at less than 50% of total income
To measure the usage of WCC supported events	Estimated attendance at WCC supported events	500,000	500,000	500,000	500,000
To measure the quality of our investments in economic development	Events Development fund - ratio of direct spend to economic impact	20:1	20:1	20:1	20:1
	The proportion of grant funds successfully allocated (through milestones being met)	95%	95%	95%	95%

Cultural wellbeing - performance measures

Cultural wellbeing	
Objectives	**Sense of place and identity** **Diversity and openness** **Visitation** **Exposure to creativity and innovation**
Outcome indicators	Residents' frequency of engagement in cultural and arts activities New Zealanders' and residents' perceptions that 'Wellington has a culturally rich and diverse arts scene' Resident perceptions that Wellington's local identity (sense of place) is appropriately valued and protected Events held at key city venues New Zealanders' and residents' perceptions that "Wellington is the arts capital of New Zealand" New Zealanders' and residents' perceptions that "Wellington is the events capital of New Zealand" Residents' (%) agreement with the statement that "Wellington is an easy place to get involved in the arts' Te Papa visitors - total visitors, overseas visitors and NZ visitors from outside the region Customer (%) satisfaction with the NZ Festival Total tickets sold to the NZ Festival and the proportion sold to customers outside the region Total visits to museums and galleries (including Carter Observatory)

4.1 Arts and culture activities

4.1.1 City galleries and museums

4.1.2 Visitor attractions (Te Papa/Carter Observatory)

4.1.3 Arts and cultural festivals

4.1.4 Cultural grants

4.1.5 Access and support for community arts

4.1.6 Arts partnerships

4.1.7 Regional Amenities Fund

Purpose of measure	Performance measure	2015/16	2016/17	2017/18	2018-25
To measure the quality and usage of our arts and culture support activities	Attendee satisfaction with Council supported arts and cultural festivals	90%	90%	90%	90%
	User (%) satisfaction with Toi Pōneke facilities and services	90%	90%	90%	90%
	Economic contribution ($) the NZ Festival makes to the city's economy (direct new spend)	$40 million		$40 million	$40 million (every second year)
	The proportion of grants funds successfully allocated (through milestones being met)	95%	95%	95%	95%
	Proportion of outcomes delivered (previous projects - weighted by $ value)	90%	90%	90%	90%

	Venues subsidy - total number of performers and attendees at supported events	Increase on previous year	Increase on previous year	Increase on previous year	Increase on previous year
	Cultural grants - % first time applicants who are successful	50%	50%	50%	50%

Economic development - activity budget

3.1 City promotions and business support	2014/15 AP 2014/15 Gross Expenditure	2015-25 LTP 2015/16 Gross Expenditure	2015-25 LTP 2016/17 Gross Expenditure	2015-25 LTP 2017/18 Gross Expenditure	2015-25 LTP 10-year total Gross Expenditure
Operating expenditure	**($000)**	**($000)**	**($000)**	**($000)**	**($000)**
3.1.1 - WREDA	5,630	31,560	31,718	32,112	340,587
3.1.2 - Wellington convention centre	17,763	-	-	2,046	34,871
3.1.3 - Retail support (free weekend parking)	1,449	1,356	1,391	1,427	15,473
3.1.4 - WEID, economic growth and economic grants	1,262	3,599	3,680	3,765	40,784
3.1.5 - Major economic projects	4,313	-	5,000	-	58,565
3.1.6 - Regional and external relations	4,881	572	583	593	6,358
3.1.7 - Business improvement districts	2,510	114	117	120	1,297
Total operating expenditure	**37,808**	**37,201**	**42,489**	**40,063**	**497,935**
Capital expenditure	**($000)**	**($000)**	**($000)**	**($000)**	**($000)**
3.1.1 - WREDA	-	-	-	-	-
3.1.2 - Wellington convention centre	1,341	2,215	1,742	1,353	16,422
3.1.3 - Retail support (free weekend parking)	-	-	-	-	-
3.1.4 - WEID, economic growth and economic grants	-	-	-	-	-
3.1.5 - Major economic projects	-	-	-	-	64,908
3.1.6 - Regional and external relations	-	-	-	-	-
3.1.7 - Business improvement districts	-	-	-	-	-
Total capital expenditure	**1,341**	**2,215**	**1,742**	**1,353**	**81,330**

Cultural wellbeing - activity budget

4.1 Arts and culture activities	2014/15 AP 2014/15 Gross Expenditure	2015-25 LTP 2015/16 Gross Expenditure	2015-25 LTP 2016/17 Gross Expenditure	2015-25 LTP 2017/18 Gross Expenditure	2015-25 LTP 10-year total Gross Expenditure
Operating expenditure	**($000)**	**($000)**	**($000)**	**($000)**	**($000)**
4.1.1 - Galleries and museums (WMT)	8,412	9,208	9,445	9,914	102,353
4.1.2 - Visitor attractions (Te Papa/Carter Observatory)	2,981	2,840	2,864	2,878	29,013
4.1.3 - Arts and cultural festivals	2,597	2,692	2,745	2,805	30,237
4.1.4 - Cultural grants	1,053	858	969	981	11,540
4.1.5 - Access and support for community arts	613	659	719	728	6,516
4.1.6 - Arts partnerships	1,938	2,277	2,315	2,353	22,330
4.1.7 - Regional Amenities Fund	609	609	609	609	6,095
Total operating expenditure	**18,203**	**19,142**	**19,668**	**20,268**	**208,084**
Capital expenditure	**($000)**	**($000)**	**($000)**	**($000)**	**($000)**
4.1.1 - Galleries and museums (WMT)	-	1,914	-	10,000	11,914
4.1.2 - Visitor attractions (Te Papa/Carter Observatory)	-	180	-	-	180
4.1.3 - Arts and cultural festivals	-	-	-	-	-
4.1.4 - Cultural grants	-	100	-	8	230
4.1.5 - Access and support for community arts	26	26	27	28	301
4.1.6 - Arts partnerships	-	-	-	-	-
4.1.7 - Regional Amenities Fund	-	-	-	-	-
Total capital expenditure	**26**	**2,220**	**27**	**10,036**	**12,624**

5. Social and recreation
Pāpori me te Hākinakina

By the numbers

4,000

Number of people who live in Council housing. These tenants would otherwise not have access to quality housing.

120,000

Number of times visitors received discounted access to pools and other facilities through the Leisure Card programme – which aims to help people for whom price might otherwise be a barrier.

320,000

Number of visits to the city's recreation centres.

1.2 million

Number of swims residents took in the city's pools.

2.3 million (physical) + 2.3 million (online)

Number of visits to libraries (online and through the door).

2.9 million

Number of books and other items residents took out from libraries.

(Source 2013/14 Annual Report)

The Council's social and recreation work includes providing housing for people in need, funding city safety initiatives, regulating food and liquor outlets, preparing to deal with earthquakes and other emergencies, providing community centres and halls, providing public toilets and cemeteries, supporting community groups and events, providing sport and recreation facilities, and neighbourhood playgrounds.

We fund these services because they matter to the lives of individual Wellingtonians and to the community as a whole.

They help to protect the most vulnerable people.

They keep people safe and healthy.

They strengthen communities.

They provide opportunities for people to live healthy lifestyles, to reach their potential, and to enjoy themselves.

In the next 10 years, the Council proposes to spend more than $1 billion (net) on services to promote stronger, safer, healthier communities.

The strength of Wellington's communities depends on its people.

The Council is a funder, a facilitator, and sometimes a regulator. We provide an environment in which people can be safe, get together with others, and can choose to live healthy lives.

We invest heavily in social and recreation services because they matter to the city, but we don't try to do everything. We don't get in the way by doing what clubs, volunteer organisations, businesses and individuals can do for themselves.

Decisions about funding for social and recreation services depend on a range of things, including: who benefits, how essential the service is and who has the ability to pay.

Key projects

Social housing

We are part-way through a 20-year, $400 million programme in partnership with the Government to upgrade our housing complexes.

This project is making tenants' homes warmer, safer, healthier and more energy efficient. It also involves landscaping and other improvements to create shared community and recreation spaces.

It is the largest social housing redevelopment project ever undertaken in New Zealand.

Upgrade work has already been completed for seven housing complexes, while another two are under way. Our priority for the next three years is to make further progress on this major programme and continue to improve the quality of our housing stock.

With the Government looking to exit its state housing stock across New Zealand, we are exploring what this might mean for the city and options to not only deliver on the city's social and affordable housing demand but a range of housing needs for the 22,000 extra homes required in the city to meet our expected population growth over the next 30 years.

Homelessness

Wellington is an affluent city and should not have people living on streets or in cars, or relying for extended periods on temporary or emergency accommodation.

In April 2014, the Council endorsed *Te Mahana: A Strategy to End Homelessness in Wellington*. The strategy's overall goals are to stop homelessness, deal with it quickly when it does happen, and, once a person finds a home, stop them from becoming homeless again.

The strategy focuses on better coordinated, more effective, and more culturally appropriate ways of delivering services from the Council, and government and non-government agencies.

To support Te Mahana we have increased funding in 2015/16 by $50,000 for improved services focussing on begging and rough sleeping in Wellington.

Recreation and community services

Use of some Council-funded sport and recreation facilities has declined a little in the last few years partly due to facilities being closed for maintenance or upgrades, and partly due to residents' individual choices.

Nonetheless, peak-time demand remains high at pools, recreation centres and sports-fields. Also, the range of sports that use these facilities is growing.

In the past decade, we have invested heavily in sport and recreation facilities.

Key projects in the last decade have included construction of the ASB Sports Centre, new pools and water play areas at Karori, Kilbirnie and Johnsonville, and installation of synthetic turf at several of the city's sports fields, allowing them to be used in all weather and for longer hours.

Our focus is on accommodating demand within existing facilities where possible – we want to make use of the capacity in the community facilities we have already invested in, before we face the expense of adding more.

In line with this broad strategy, we have allocated additional funding to support school pools in their operations to ensure they remain open, are of a good standard and well-utilised by the community. Schools will be required to apply for funding.

Key projects in the coming years also include installing a synthetic turf at the National Hockey Stadium; and a refresh of the Basin Reserve.

In Karori we will contribute$350,000 towards installing an artificial turf on the Terawhiti Bowling Green with the remaining funding coming from Waterside Karori Football and other clubs. We have also budgeted $920,000 grant funding in 2017/18 for the development of the new Karori Events Centre.

We have also set aside $500,000 per year from 2018 to support the development of sports hubs. The 'Sportsville' concept involves user groups either sharing one facility or rationalising/sharing services and/or buildings in an area. This can include sporting, social, cultural and recreational interests. 'Sportsville' brings economies of scale by providing shared facilities and services for numerous clubs and codes, e.g. changing rooms, fields, administration, IT services, social areas etc. It enables clubs to focus on developing and improving services for existing and potential members.

In the coming year we will also provide one-off funding to Capital BMX Club to complete a BMX track at Ian Galloway Park that will provide a new safe venue for children to learn to ride, and a place where the next generation of BMX and mountain bike champions can be developed.

We are also continuing to support the Kaka Project and its community initiatives that aim to improve the future use of community resources in the Brooklyn area.

Over the next two years, the Council has committed $700,000 towards the upgrade of facilities at the Lyall Bay Surf Life-Saving Club. The club provides a unique and essential rescue service to Wellington and its facility is used by a number of community groups.

Basin Reserve redevelopment

The Basin Reserve is regarded as one of the world's top 10 cricket venues, but faces competition from an increasing number of grounds around the country, and requires significant investment to address a range of essential maintenance issues and a general upgrade of facilities.

The Basin Reserve Trust has developed a Master Plan to present a 25-year vision for the future of the ground. The key features of the vision are to retain the premier test status of the ground and to enhance the Basin Reserve as a local recreation space for the community.

The Master Plan outlines $21 million of spending over the next 10 years for the upgrade. Implementation of this plan will begin from 1 July 2015, and this will include the Council considering a business case for floodlights and making a decision on the future of the Museum Stand.

National Hockey Stadium

The Council will install a third artificial turf sports field at the National Hockey Stadium in Berhampore, to accommodate growing demand and improve the stadium's capacity to host hockey tournaments and events.

Participation in hockey has grown significantly in the last decade, to a point where the stadium is now operating at capacity with 95% winter utilisation rate. We have budgeted $1.5 million of capital expenditure for the upgrade.

Johnsonville facility improvements

In addition to roading improvements in Johnsonville, the next steps in the suburb's redevelopment are the completion of major redevelopments of Alex Moore Park and Johnsonville Library.

The first stage of the park's redevelopment was in 2014, with construction of a car park and perimeter walkway, and installation of artificial turf on the northern sports field.

We will also contribute $1.75 million, over the next three years, to the next stages of this project. This will contribute to funding of a new pavilion, public toilets and further car parking, with local clubs fundraising for the remainder.

We plan to build a new, larger library in Johnsonville, to cater for increasing demand as the area's population grows. Where possible this library will be built to a high Green Star rating. We have budgeted $17 million in capital expenditure for this work.

The new library will be located between the Keith Spry Pool and the Johnsonville Community Centre, allowing the three facilities to operate as an integrated community hub. It is likely to include a café and possibly other community space as well as library facilities.

Design work for the new library will this year, with the aim of having the building open in 2018.

Dog exercise areas

We propose to construct fences around three dog exercise areas over the next three years. This will cost $200,000 in capital expenditure.

These areas make it possible to have dogs off their leash to run free and keep them and the public safe.

The parks earmarked for this upgrade are Ian Galloway Park, part of Sinclair Park and Taylor Park.

Removing graffiti

In our Residents Monitoring Survey, 98% of Wellingtonians perceive their city to be safe, and we would like to keep it that way.

While only 40% of our residents voiced concerns over graffiti, the overall perception is that graffiti contributes to people feeling unsafe when walking in town.

We will increase our graffiti-removal budget by a further $180,000.

A Child-Friendly city

It's important for Wellington to cater for young people and their families, and for the Council this means providing safe, accessible and enjoyable places for recreation and play, and offering community events and activities that are suitable for all.

A Child-Friendly city is one where the voices, needs and priorities of children are an integral part of public policies, programmes and decisions. A Child-Friendly city is a place where children can influence decisions, express their opinions of their city, and be safe and protected from exploitation, violence and abuse.

This initiative will help build the social conditions for strong families and connected communities and we will work with our partners and other councils in the region develop an action plan to deliver initiatives that include: education and rights awareness, play and recreation, transport, safety.

As well as sport and recreation facilities (above), the Council provides 13 libraries and more than 100 neighbourhood playgrounds throughout the city; and funds events such as the Artsplash annual arts festival for children, and Neighbours Day events.

In the next three years, we will upgrade the children's playground at the Botanic Garden.

1st place

In a 2014 survey of six NZ cities, Wellington residents ranked first for happiness, health, life satisfaction, and overall quality of life.

Wellingtonians were also much more likely to feel safe than residents of any other city, and much more likely to value cultural diversity.

WHO safe community

Wellington is the only capital city in the world to be accredited as a Safe Community under the World Health Organisation's International Safe Communities programme.

Over the next three years, one of our key priorities to retain that safe city status.

Social and recreation - group of activities

Group of activities	Rationale	Service offering	Negative effects
5.1 Recreation promotion and support 5.1.1 Swimming pools 5.1.2 Sports fields 5.1.3 Sports fields (synthetic) 5.1.4 Recreation Centres 5.1.5 Recreation partnerships 5.1.6 Playgrounds 5.1.7 Marinas 5.1.8 Golf course 5.1.9 Recreation programmes	Encouraging active & healthy lifestyles. Enabling participation in sporting & other group activities. Social cohesion. Greater participation with encouragement pf greater use of existing facilities.	• Seven swimming pools for people to learn to swim, exercise, participate in aquatic sports or have fun. • Four multi-purpose recreation centres plus the ASB Sports Centre. • 44 natural and nine artificial sports turfs (two in partnership with schools), eight croquet lawns, Berhampore Golf Course, Newtown Park running track, a velodrome, tennis / netball courts. • The Evans Bay Marina and Clyde Quay Boat Harbour. • Funding towards the Basin Reserve Master Plan Upgrade.	There are negative effects from owning and managing buildings and other assets to deliver these services. These include waste (solid, liquid), direct energy use to operate the building, indirect energy use from people using transport to access them. Our operations are managed so that waste is minimised or recycled and energy and water is conserved. We also encourage the use of public transport, walking and cycling as a means of getting around the city. Our swimming pools pose the additional risks of drowning. We manage this through a number of steps, most notably through the continuous presence of trained lifeguards. We also offer learn to swim programmes.

Group of activities	Rationale	Service offering	Negative effects
5.2 Community support 5.2.1 Libraries 5.2.2 Access support 5.2.3 Community advocacy 5.2.4 Grants (Social and Recreation) 5.2.5 Housing 5.2.6 Community centres and halls	Fostering diverse and inclusive communities. Enabling people to connect with information & each other.	• 12 libraries plus an online branch providing access to over a wide array of books, magazines, DVD, e-books and e-audio, online journals, e-music tracks. • Provision of community facilities and services including a city wide network of 18 community centres and community grants. • Partnering with key social and health agencies to ensure there is a coordinated approach to address emerging community issues. • Community outreach and children's literacy programmes. • Supported community service providers and programmes to meet the needs of our diverse communities and most vulnerable residents. • Housing approximately 4,000 people in 2,200 units. • 18 community centres and halls providing services, programmes, spaces for hire, childcare and education services.	We undertake these activities to enhance the quality of life of the city's residents and mitigate social harm. While there are negative effects from owning and managing buildings and other assets through which the majority of these services are provided – we seek to minimise these negative effects by ensuring our operations are managed effectively and that waste is minimised or recycled and energy and water is conserved.
5.3 Public health and safety 5.3.1 Burials and cremations 5.3.2 Public toilets 5.3.3 Public health regulations 5.3.4 City safety 5.3.5 WREMO	Maintaining health standards Activities that make people feel safe Safety (and child friendly)	• Cemeteries at Karori and Makara with a crematorium at Karori Cemetery. • 70 public toilets, beach and sportsfields changing rooms/pavilions. • Regulating food and liquor outlets, animal, trade waste and managing environmental noise issues. • Maintaining WHO Safe City accreditation. • Provide a 'city hosts' service, managing graffiti and supporting community initiatives.	These activities exist to mitigate and manage significant risks – from natural disasters, personal safety in the city, to unhealthy food preparation practices. These activities are necessary to ensure negative effects from other people's activities or from a natural disaster are controlled and managed.

Social and recreation - performance measures

Social and recreation	
Objectives	**Social cohesion** **Participation in city life** **Greater use of existing facilities** **Safety (and child friendly)**
Outcome indicators	Residents' usage of City Council community and recreation facilities Residents' perceptions that Wellington offers a wide range of recreation activities Residents' frequency of physical activity Residents' perceptions that there are barriers to participating in recreation activities Residents' importance of sense of community in local neighbourhood Residents' usage of libraries and frequency of use Residents' engaging in neighbourly actions Housing Services tenants who report positive social contact Residents' perceptions - city and community safety issues of most concern Recorded crime and resolution rates - by categories Number of notifications of the most prevalent food and water-borne diseases Residents' life expectancy Food premises - number of cleaning notices and closures per year Percentage of food premises with an inspection rating of excellent or very good that maintain or improve their inspection rating Number of uses of Leisure Card Dog control - complaints received (% of registered dogs)

5.1 Recreation promotion and support

5.1.1 Swimming pools

5.1.2 Sports fields

5.1.3 Sports fields (synthetic)

5.1.4 Recreation centres

5.1.5 Recreation partnerships

5.1.6 Playgrounds

5.1.7 Marinas

5.1.8 Golf course

5.1.9 Recreation programmes

Purpose of measure	Performance measure	2015/16	2016/17	2017/18	2018-25
To measure the quality and usage (quantity) of the recreation facilities we provide	User (%) satisfaction - swimming pools	90%	90%	90%	90%
	User (%) satisfaction - recreation centres and ASB centre	90%	90%	90%	90%
	User (%) satisfaction - sports fields (including artificial sports fields)	85%	85%	85%	85%
	Visits to facilities - swimming pools	1,248,000	1,260,000	1,277,000	Increasing trend

	Visits to facilities - recreation centres and ASB Centre	1,050,000	1,060,000	1,070,000	1,080,000
	ASB Centre courts utilisation (%)	45%	45%	46%	46%
	Sportsfields - % of scheduled sports games and training that take place	Winter 80% Summer 90%	Winter 80% Summer 90%	Winter 80% Summer 90%	Winter 80% Summer 90%
	Marinas occupancy	96%	96%	96%	96%
	Artificial sports fields % utilisation - peak and off peak (summer and winter)	Peak Winter 80% Peak Summer 40% Off peak winter 25% Off peak summer 20%	Peak Winter 80% Peak Summer 40% Off peak winter 25% Off peak summer 20%	Peak Winter 80% Peak Summer 40% Off peak winter 25% Off peak summer 20%	Peak Winter 80% Peak Summer 40% Off peak winter 25% Off peak summer 20%

5.2 Community support

5.2.1 Libraries

5.2.2 Access support

5.2.3 Community advocacy

5.2.4 Grants (Social and Recreation)

5.2.5 Housing

5.2.6 Community centres and halls

Purpose of measure	Performance measure	2015/16	2016/17	2017/18	2018-25
To measure the quality and usage (quantity) of the housing services we provide	Tenant satisfaction (%) with services and facilities	90%	90%	90%	90%
	Tenant rating (%) of the overall condition of their house/apartment (good and very good)	90%	90%	90%	90%
	Tenant (%) sense of safety in their complex at night	75%	75%	75%	75%
	Occupancy rate of available housing facilities	90%	90%	90%	90%
	All tenants (existing and new) housed with policy	98%	98%	98%	98%
To measure the progress of the Housing Upgrade Project	Agreed milestones, design standards and budgets are met in accordance with the agreed works programme and Deed of Grant between the Crown and the Council	To achieve	To achieve	To achieve	To achieve
To measure the quality and usage (quantity) of our community and recreation support services (including libraries)	Libraries - user (%) satisfaction with services and facilities	90%	90%	90%	90%
	E-library users satisfaction (%) with the online library collection	75%	75%	75%	75%
	Accessible Wellington Action Plan initiatives planned for next year	90%	90%	90%	90%
	The proportion of grants fund successfully allocated (through milestones being met)	95%	95%	95%	95%

	Proportion of outcomes delivered (previous projects) - weighted by $ value	90%	90%	90%	90%
	Libraries - residents (%) who are registered members	75%	75%	75%	75%
	Libraries - physical visits	2,400,000	2,400,000	2,400,000	2,400,000
	Libraries - website visits	2,500,000	2,500,000	2,500,000	2,500,000
	Library items issued	3,000,000	3,000,000	3,000,000	3,000,000
	Occupancy rates (%) of Wellington City Council community centres and halls	45%	45%	45%	45%

5.3 Public health and safety

5.3.1 Burials and cremations

5.3.2 Public toilets

5.3.3 Public health regulations

5.3.4 City safety

5.3.5 WREMO

Purpose of measure	Performance measure	2015/16	2016/17	2017/18	2018-25
To measure the quality of our public health and safety services and programmes and our timeliness in responding to service requests	Dog control - urgent requests responded to within one hour and non-urgent within 24 hours	Urgent 100% Non urgent 99%	Urgent 100% Non urgent 99%	Urgent 100% Non urgent 99%	Urgent 100% Non urgent 99%
	WCC public toilets - urgent requests responded to within four hours and non-urgent within three days	Urgent 100% Non urgent 95%	Urgent 100% Non urgent 95%	Urgent 100% Non urgent 95%	Urgent 100% Non urgent 95%
	WCC public toilets (%) that meet required cleanliness and maintenance performance standards	95%	95%	95%	95%
	Percentage of medium, high and very high risk premises that are inspected annually	100%	100%	100%	100%
	Percentage of inspections of medium, high and very high risk premises that are carried out during peak trading hours	25%	25%	25%	25%
	Graffiti removal - response timeframes met	80%	80%	80%	80%

Social and recreation - activity budget

5.1 Recreation promotion and support	2014/15 AP 2014/15 Gross Expenditure	2015-25 LTP 2015/16 Gross Expenditure	2015-25 LTP 2016/17 Gross Expenditure	2015-25 LTP 2017/18 Gross Expenditure	2015-25 LTP 10-year total Gross Expenditure
Operating expenditure	**($000)**	**($000)**	**($000)**	**($000)**	**($000)**
5.1.1 - Swimming pools	19,174	20,476	20,919	20,874	224,972
5.1.2 - Sportsfields	3,339	3,405	3,472	3,482	36,938
5.1.3 - Sportsfields (Synthetic)	1,453	1,354	1,345	1,562	14,062
5.1.4 - Recreation centres	9,987	9,703	9,915	9,918	103,624
5.1.5 - Recreation partnerships	1,039	1,088	1,214	1,341	17,396
5.1.6 - Playgrounds	721	737	747	776	7,900
5.1.7 - Marinas	571	602	669	688	7,437
5.1.8 - Golf course	240	270	272	275	2,813
5.1.9 - Recreation programmes	483	282	287	291	3,166
Total operating expenditure	**37,007**	**37,916**	**38,840**	**39,207**	**418,307**
Capital expenditure	**($000)**	**($000)**	**($000)**	**($000)**	**($000)**
5.1.1 - Swimming pools	1,369	2,417	1,853	1,258	18,490
5.1.2 - Sportsfields	518	650	405	492	4,921
5.1.3 - Sportsfields (Synthetic)	50	560	1,399	-	6,281
5.1.4 - Recreation centres	26	260	77	347	2,669
5.1.5 - Recreation partnerships	352	3,468	3,085	3,058	21,525
5.1.6 - Playgrounds	610	414	455	328	3,929
5.1.7 - Marinas	96	558	141	204	3,748
5.1.8 - Golf course	-	-	-	-	-
5.1.9 - Recreation programmes	-	-	-	-	-
Total capital expenditure	**3,021**	**8,325**	**7,414**	**5,688**	**61,562**
5.2 Community support	2014/15 AP 2014/15 Gross Expenditure	2015-25 LTP 2015/16 Gross Expenditure	2015-25 LTP 2016/17 Gross Expenditure	2015-25 LTP 2017/18 Gross Expenditure	2015-25 LTP 10-year total Gross Expenditure
Operating expenditure	**($000)**	**($000)**	**($000)**	**($000)**	**($000)**
5.2.1 - Libraries	20,787	20,843	22,323	23,885	256,779
5.2.2 - Access support (Leisure Card)	53	105	106	108	1,172
5.2.3 - Community advocacy	1,454	1,279	1,291	1,310	14,218
5.2.4 - Grants (Social and Recreation)	2,795	3,643	3,984	4,357	39,272
5.2.5 - Housing	25,417	25,540	25,512	26,788	283,444
5.2.6 - Community centres and halls	2,947	3,201	3,462	3,535	39,232
Total operating expenditure	**32,666**	**54,611**	**56,677**	**59,983**	**634,117**
Capital expenditure	**($000)**	**($000)**	**($000)**	**($000)**	**($000)**
5.2.1 - Libraries	2,530	5,627	8,838	11,895	46,990
5.2.2 - Access support (Leisure Card)	-	-	-	-	-
5.2.3 - Community advocacy	-	-	-	-	-
5.2.4 - Grants (Social and	-	-	-	-	-

Recreation)					
5.2.5 - Housing	36,647	29,121	23,492	7,876	153,225
5.2.6 - Community centres and halls	22	154	262	1,049	7,775
Total capital expenditure	**39,199**	**34,902**	**32,592**	**20,819**	**207,990**
5.3 Public health and safety	2014/15 AP 2014/15 Gross Expenditure	2015-25 LTP 2015/16 Gross Expenditure	2015-25 LTP 2016/17 Gross Expenditure	2015-25 LTP 2017/18 Gross Expenditure	2015-25 LTP 10-year total Gross Expenditure
Operating expenditure	**($000)**	**($000)**	**($000)**	**($000)**	**($000)**
5.3.1 - Burials and cremations	1,637	1,648	1,724	1,786	19,664
5.3.2 - Public toilets	2,432	2,661	2,756	2,901	32,288
5.3.3 - Public health regulations	4,726	5,276	5,279	5,394	59,478
5.3.4 - City safety	2,138	2,674	2,717	2,763	29,800
5.3.5 - WREMO	1,387	1,337	1,372	1,456	15,542
Total operating expenditure	**12,320**	**13,596**	**13,849**	**14,300**	**156,771**
Capital expenditure	**($000)**	**($000)**	**($000)**	**($000)**	**($000)**
5.3.1 - Burials and cremations	280	635	315	384	4,033
5.3.2 - Public toilets	987	984	1,365	1,458	12,906
5.3.3 - Public health regulations	-	-	-	-	-
5.3.4 - City safety	-	-	-	-	-
5.3.5 - WREMO	43	52	-	279	365
Total capital expenditure	**1,310**	**1,671**	**1,680**	**2,121**	**17,304**

6. Urban development and 7 Transport
Tāone tupu ora me- / -waka

By the numbers

46,300

Projected Wellington City population increase 2014-2043. This is an increase of 23%.

21,400

Projected increase in the number of dwellings in Wellington city 2013-2043. This is an increase of 27.4%.

94%

Increase in number of people cycling to and from work – 2001-2013

25%

Increase in number of people using buses to get to and from work – 2001-2013

The Council's urban development work includes urban planning, controlling building activity and land use, assessing risks from earthquake-prone buildings, and developing and enhancing public spaces.

Our transport work includes transport planning, managing the city's network of roads, cycleways and walkways, managing parking in the city, and promoting safety.

We fund these services because they matter to the lives of individual Wellingtonians and to the community as a whole.

Our work helps to make Wellington a compact, vibrant, attractive city in which it is easy to get from place to place.

This is essential for connections between people, their ability to interact with each other, and their enjoyment of the city and what it has to offer.

It is necessary for the economy, the ability of businesses to reach their markets, and to collaborate and innovate.

It is vital for the environment because a city with a smaller footprint produces fewer emissions and consumes fewer resources.

It is crucial for people's health and safety, in the buildings they live and work in, and on the roads, walkways and public spaces they use.

In the next 10 years, the Council plans to spend more than $1.2 billion (net) on transport and urban development.

We aim to manage development so the city remains compact, vibrant, attractive, safe and resilient, in which it's easy for people to connect with each other and to move from place to place.

The Council is one player among many in the city's built environment. Urban development and transport decisions also involve central and regional government, businesses, local communities, and individuals.

The Council's key roles are to provide public spaces and infrastructure, and to plan and control development so the city can support a strong economy and a high quality of life in an environment that is both attractive and sustainable.

All of our work involves partnerships with developers and home owners who want to build or extend, with commuters who want to get to and from work or school, with businesses taking goods to market and with everyone who lives, works and plays in the city.

Most urban development and transport services are publicly funded by local authorities and central government as they are core activities from which all residents benefit. Some services have a private component, in which case users are charged to cover at least part of the cost of providing the service, for example via development contributions.

Key projects

Better transport options

Wellington's transport network plays an important role in the region's economy by helping people to connect with each other and bringing goods to market.

An efficient transport network is also important for health and wellbeing, for connections between people, and the environment.

Though parts of Wellington's transport network perform well, others are struggling. There is congestion, particularly at peak times, on northern routes into and out of the city centre, and on the route from the city to the airport.

The network is also potentially vulnerable in the event of an earthquake or other major emergency, due to the limited number of routes into and out of the city.

The network also provides limited choice and currently supports vehicle transport more effectively than other modes such as buses or cycles.

Addressing these issues will require a balanced approach with stronger public transport and cycle options alongside vehicle network improvements.

The Council is committed to work with others to see land transport network improvements implemented, so that residents can enjoy safer, more convenient journeys, and the region's economic potential can be unlocked.

We are investing significantly in the coming years to improve the city's network of cycleways. We have set aside $58 million over the next 10 years to implement a city wide-network of safe cycling routes.

Over the next 10 years the Council will also invest $2 million for pedestrian improvements focussed on safer routes to schools.

An additional $1.1 million has also been allocated in 2015/16 to strengthen and recess the Karori Road retaining wall which will improve bus and cycle access.

Another key priority will be the implementation of the Wellington Regional Transport Plan, under which a high-frequency, low emission Bus Rapid Transit service will be introduced on key routes linking the central city to the Basin Reserve, Newtown and Kilbirnie. Detailed plans are still to be finalised and funding options will be considered in future annual plans.

Affordable buses

We are also proposing the introduction of subsidies to drive greater bus use.

We provide the network for buses but the service itself is the responsibility of the Greater Wellington Regional Council.

There has been low growth in the use of the service in recent years. Reliability, frequency and cost are key factors limiting uptake.

We are keen to trial a lower cost service and propose to introduce a capped fare at weekends in the lead-up to Christmas. We have allocated $200,000 towards this programme.

We also propose to part-fund a discount scheme for tertiary student bus fares. The project aims to enable more tertiary students to travel by bus. We've set aside $75,000 for the service and expect to see contributions from the regional council and support from the universities.

Vehicle network

Improvements to the vehicle network are also needed. We support NZTA's programme for Wellington, which aims to unlock the city's economic potential by improving transport routes into the city, and from the city to the airport. One of our top priorities will be to find a solution to Basin Reserve traffic congestion in a way that supports increased traffic flow while meeting community aspirations. The programme also includes duplicating or widening the Mount Victoria and Terrace tunnels.

Land transport initiatives are funded by Greater Wellington Regional Council, NZTA, the Council, and users.

Other priorities include:

- Improving vehicle access to the Port of Wellington
- Installing high-efficiency LED street lighting throughout the city to reduce energy use and ongoing costs. We have set aside $200,000 to further develop this initiative
- Installing parking sensors to provide better parking information to support possible policy changes including flexible pricing. The cost of full implementation is approximately $1.5 million, with expected savings of $8 million over 10 years.

Urban regeneration

Although Wellington has a vibrant Central Business District, parts of the inner city remain underdeveloped. Fragmented ownership and a shortage of capital combine to slow development that could otherwise unlock economic potential and bring social and environmental benefits.

Of particular significance is the 'growth spine', linking the northern suburbs to the central city, the Basin Reserve, Newtown and Kilbirnie. By focusing future development along this spine, we can significantly increase housing supply and create vibrant, new, mixed-use city and suburban areas.

Focusing growth is also better for the environment, as it ensures that land is used efficiently, and reduces dependence on private cars.

In coming years, key projects will include:

- Redeveloping the north end of Adelaide Road into a vibrant, mixed-use neighbourhood with high quality public spaces, rapid bus links, and new developments featuring apartments, workplaces, shops and cafes

- Redeveloping Kent and Cambridge Terraces, with planting and streetscape improvements to give the Central Business District a 'green edge' to improve connections between the waterfront, Central Business District and the Pukeahu National War Memorial Park and to provide for more apartment and retail/commercial development.

Other urban development initiatives include:

- Upgrading inner-city walkways to make them safer, more vibrant and attractive
- Establishing a $600,000 'tactical urbanism' fund to support small-scale urban regeneration projects such as pop-up parks and outdoor performance spaces.

These projects will build on the considerable work done in the last 10 years to upgrade the city's public spaces. These have included major projects such as the creation of Waitangi Park and Pukeahu National War Memorial Park, transformation of other waterfront spaces, the creation of several new inner city parks, and upgrades of Kilbirnie, Miramar and other town centres.

Urban regeneration agency

To act as a catalyst for inner city regeneration, the Council is exploring opportunities to establish an urban development agency. This organisation would play an active role in regenerating the city.

Urban development agencies have proved successful internationally at driving urban regeneration. The success of Wellington's waterfront also shows the benefits of having a single organisation coordinating city development while working in partnership with other investors.

Establishing such an agency could allow us to:

- Speed up inner city regeneration
- Focus growth in targeted areas with strong transport links and other infrastructure
- Ensure that development aligns with other social, economic and environmental priorities
- Protect heritage through targeted investment and strengthening of earthquake-prone buildings.

Protecting Wellington's heritage buildings

Heritage buildings make an important contribution to the city's character, but many require strengthening to make them safe in earthquakes. We support building owners by providing grants for earthquake strengthening. Over the next three years we will provide $3 million to the Built Heritage Incentive Fund to increase the number of buildings that are being strengthened.

We will also undertake a heritage audit /study of Mt Victoria in 2015/16.

City resilience

Our work to improve the resilience of the city (and region) will continue over the period of this Long-term Plan. Many actions are now largely 'business-as-usual' including ongoing upgrades of key infrastructure, assessment of earthquake-prone buildings, planning for emergency response and restoration of key lifelines, and planning for hazards and climate change. A new focus area will be the development of a comprehensive resilience strategy for the city's infrastructure and communities, including a particular focus on ensuring the city's economic resilience.

Revitalising the Civic Precinct and strengthening the Town Hall

The Civic Precinct is an important hub of Wellington's civic and cultural life. Several of the precinct's buildings now require strengthening to bring them closer to modern earthquake standards.

This creates an opportunity to refurbish and revitalise Civic Square, opening it up to a wider range of uses and improving links with surrounding buildings and streets to make the square more lively and attractive. Key aspects of the plan include:

- Earthquake-strengthening the Town Hall, the Central Library, the office buildings currently occupied by the Council, and possibly the Capital E space
- Establishing a national music hub in the Town Hall and Michael Fowler Centre and potentially other spaces in the precinct
- Leasing Jack Ilott Green and the Michael Fowler Centre car park sites (and possibly the Municipal Office Building) long-term to allow construction of new buildings or site redevelopment, with income used to offset earthquake-strengthening costs
- Upgrading civic square and improving links with surrounding streets, and where possible providing green open space in the Civic Square precinct to compensate for the loss of Jack Ilott Green.

The proposed lease of the Town Hall, Jack Ilott Green and Michael Fowler Centre car park (and possibly the Municipal Office Building) will require specific Council approval.

Cheering up the streets and laneways

We are working with others to increase levels of economic activity and pedestrian movement along inner city lanes and streets.

The works will include physical improvements such as lighting in key locations and a rolling programme of low-cost, pop-up activities at changing locations across the city. Improvements to Lombard Lane are part of this wider programme of street and laneway upgrades and $1.5 million has been budgeted in 2016/17 for this work.

Waterfront Development Plan and Frank Kitts Park

A three-year Waterfront Development Plan is in our Long-term Plan. Key aspects of the plan include:

- *Frank Kitts Park* – we are redeveloping the park, re-orienting its focus towards the harbour and integrating a long-planned Chinese Garden. The park, which will retain the name Frank Kitts Park, will include large areas of open lawn, along with a much-improved children's play area. We have budgeted $5.5 million for the project
- *North Kumototo* – completion of the development of the North Kumototo public space and building on site 10
- *Outer T* –develop a purpose built commercial helicopter facility on the southern end of the Queens Wharf outer T

Refer to the Waterfront Development Plan in the appendices for more information.

Medium-density housing

The Council has already created medium-density residential zones in Johnsonville and Kilbirnie. Consultation with residents in Karori and Tawa will determine the extent to which medium-density housing may be suitable for those communities.

We are working with the local communities to identify aspects of the town centres which could be improved to better accommodate an increased population. Benefits could include increased housing supply, choice and affordability, improved use of public transport, walking and cycling, and optimised use of existing infrastructure and facilities.

More detailed information on our urban development projects and programmes is in the Council's Urban Growth Plan at wellington.govt.nz/your-council/plans-policies-and-bylaws/policies

1st place

In a 2014 survey of six NZ cities, Wellington residents were much more likely than residents of other cities to:

- perceive their city and local area as great places to live
- be proud of the look and feel of their city and local area
- be positive about their city's urban design, including the quality of buildings and public spaces.

Wellingtonians use public transport more often, and private cars less often, than residents of other cities.

Urban development - group of activities

Group of activities	Rationale	Service offering	Negative effects

6.1 Urban planning, heritage and public spaces development (including Waterfront development)
6.1.1 Urban planning and policy development
6.1.2 City shaper development
6.1.3 Public spaces and centres development
6.1.4 Built heritage development
	Smart growth/urban containment
	Resilience
	Character protection
		• Guiding where and how the city grows through the District Plan
		• Maintaining Wellington's sense of place and pride by preserving the city's heritage and developing public spaces including the waterfront
		• Key projects include:
		  • Frank Kitts Park upgrade
		  • Adelaide Road regeneration
		  • Kent and Cambridge Terraces urban regeneration project
			Population growth and urban development, if not well managed, can have negative effects on a city's environment and on social well-being. Left unchecked, growth can result in a reduction of open and green spaces with consequences for recreational opportunities, amenity and even some ecosystems.
			Development in the wrong areas, or the wrong types of development, can place strain on infrastructure and reduce people's ability to access services and enjoy the opportunities the city offers. Poorly-planned growth and poor development and construction of individual buildings can reduce the attractiveness of the city and the 'sense of place' that people identify with and it can have a direct impact on people's safety. As explained above, we aim to avoid or mitigate these negative effects by guiding future development into areas where the benefits are greatest and the negative effects least.
			The tools we use include planning, working with landowners, direct investment in development of public spaces, and using our regulatory powers under legislation such as the Building Act and Resource Management Act.

Group of activities	Rationale	Service offering	Negative effects
6.2 Building and development control 6.2.1 Building control and facilitation 6.2.2 Development control and facilitation 6.2.3 Earthquake risk mitigation – built environment		• Ensuring building are safe in accordance with the Building Act • Ensuring natural resources are used sustainably in line with the Resource Management Act	These activities exist to mitigate and manage risks from development, construction, weather-tight building problems and from earthquakes. Development and construction, if not well managed, can have negative effects on a city's environment and on social well-being, and on the safety of individuals. Development in the wrong areas, or the wrong types of development, can place strain on infrastructure and reduce people's ability to access services and enjoy the opportunities the city offers. Poorly-planned growth, and poor development and construction of individual buildings, can reduce the attractiveness of the city and the 'sense of place' that people identify with and it can have a direct impact on people's safety. Our quake-prone building assessment programme is focused on ensuring quake-prone buildings are strengthened to required standards to ensure the safety of those that occupy the building and its surrounds

Transport - group of activities

Group of activities	Rationale	Service offering	Negative effects
7.1 Transport 7.1.1 Transport planning 7.1.2 Vehicle network 7.1.3 Cycle network 7.1.4 Passenger transport network 7.1.5 Pedestrian network 7.1.6 Network-wide control and management 7.1.7 Road safety	Increased active mode share Road safety Reliable transport routes Reduced emissions	• 54 road bridges (road and pedestrian) and 5 tunnels • 2,397 walls, 450 bus shelters and 18,000 street lights • 24.3 km of cycle ways • 858 km of pedestrian paths 680 km of road pavements • 132 km of handrails, guardrails and sight rails • 1500 hectares of road corridor land • 21,500 signs and traffic signals • Lincolnshire Farm link roads • Cycleways	With any transport system, the potential negative effects are significant. In particular, there are environmental costs, ranging from air and noise pollution to surface water runoff from roads that may carry contaminants (by-products of tyres, brakes and engines and deposition from exhaust gases) into the stormwater system. This environmental impact is linked to the number of vehicles on the road, however the dominant impact is the surrounding land uses, which direct stormwater run-off to the road. There are also potential negative effects from individual projects: for example, construction of any new road has effects on neighbours and neighbourhoods. Dealing with these effects is complex. Some issues, such as vehicle emission standards, are properly dealt with at a national level. Others, such as air and water quality, are regional issues. Of those issues that can be dealt with at a local level, we seek to reduce the cause of the negative effects where possible. At present there are few statutory requirements for road controlling authorities to mitigate contaminants in road runoff before it is discharged to the receiving environment. This Council does monitor the effects of stormwater run-off on aquatic receiving environments to ensure that adverse effects are avoided, remedied or mitigated. Other potentially significant negative effects we must consider include: • The timing of road works and other improvements. These can impact on local businesses but may also affect growth opportunities. Our transport planning is designed to minimise the impact and focus our work in growth areas. • Safety. The transport network brings pedestrians, cyclists and vehicles together. This presents hazards to users. We've developed road safety programmes and design solutions to reduce the likelihood and severity of accidents.

Group of activities	Rationale	Service offering	Negative effects
7.2 Parking 7.2.1 Parking	Enabling people to shop, work and access recreation activities	• 12,000 on-street parking spaces, 3,400 of which are in the central city • Street spaces for taxis, couriers, people with disabilities, bus stops and diplomatic services • Managing off-street parking at Clifton Terrace, the Michael Fowler Centre, and beneath Civic Square	

Urban development - performance measures

Urban development	
Objectives	**Smart growth / urban containment** **Resilience** **Character protection**
Outcome indicators	Residents' perceptions that Wellington is a great place to live, work and play Value of residential and commercial building consents Population - growth and density (central city, growth spine) Residents' perceptions of the city centre as an easy place to get to, use and enjoy Residents' perceptions of urban design/urban form safety issues (i.e. graffiti, vandalism, poorly-lit public spaces etc.) Building density throughout the city Proportion of houses within 100 metres of a public transport stop Residents' perceptions that heritage items contribute to the city and local communities' unique character New Zealanders' perceptions that Wellington is an attractive destination

6.1 Urban planning, heritage and public spaces development (including Waterfront development)

6.1.1 Urban planning and policy development

6.1.2 City shaper development

6.1.3 Public spaces and centres development

6.1.4 Built heritage development

Purpose of measure	Performance measure	2015/16	2016/17	2017/18	2018-25
To measure the quality of our urban planning, heritage protection and development work	Residents (%) who agree the city is developing in a way that maintains high quality design	Baseline	Increase from previous year	Increase from previous year	Increasing trend
	District Plan listed items that are removed or demolished	Nil	Nil	Nil	Nil
	Residents (%) who agree the central city is lively and attractive	87%	87%	87%	87%
	Residents (%) who agree their local suburban centre is lively and attractive	60%	60%	60%	60%
	Residents (%) who rate their waterfront experience as good or very good	90%	90%	90%	90%
	The proportion of grants funds successfully allocated (through milestones being met)	95%	95%	95%	95%
	Residents (%) who agree heritage items are appropriately valued and protected	65%	65%	65%	65%

6.2 Building and development control

6.2.1 Building control and facilitation

6.2.2 Development control and facilitation

6.2.3 Earthquake risk mitigation - built environment

Purpose of measure	Performance measure	2015/16	2016/17	2017/18	2018-25
To measure the timeliness of our building and development control services	Building consents issued within 20 working days	100%	100%	100%	100%
	Code of Compliance certificates issued within 20 working days	100%	100%	100%	100%
	Land Information Memorandums (LIMs) issued within 10 working days	100%	100%	100%	100%
	Resource consents (non-notified) issued within statutory timeframes	100%	100%	100%	100%
	Resource consents that are monitored within 3 months of project commencement	90%	90%	90%	90%
	Subdivision certificates - Section 223 certificates issued within statutory timeframes	100%	100%	100%	100%
	Noise control (excessive noise) complaints investigated within one hour	90%	90%	90%	90%
	Environmental complaints investigated within 48 hours	98%	98%	98%	98%

	Customers (%) who rate building control services as good or very good	70%	70%	70%	70%
	Building Consent authority (BCA) accreditation retention (2-yearly)	To retain	n/a	To retain	To retain (2-yearly)
	Earthquake prone building notifications (section 124) (%) that are issued without successful challenge	95%	95%	95%	95%

Transport – performance measures

Transport	
Objectives	**Increased active mode share** **Road safety** **Reliable transport routes** **Reduced emissions**
Outcome indicators	Residents' perceptions that peak traffic volumes are acceptable Residents' perceptions that the transport system allows easy access to the city Residents' perceptions of quality and affordability of public transport services Air quality monitoring (i.e. nitrogen dioxide, carbon monoxide, and particulate matter peaks) Change from previous year in the number of road crashes resulting in fatalities and serious injury.* Social cost of crashes Residents perceptions of transport related safety issues (i.e. issues of most concern) Number of cyclists and pedestrians entering the CBD (weekdays) Residents (%) who agree the transport system allows easy movement around the city - vehicle users and pedestrians

7.1 Transport

7.1.1 Transport planning

7.1.2 Vehicle network

7.1.3 Cycle network

7.1.4 Passenger transport network

7.1.5 Pedestrian network

7.1.6 Network-wide control and management

7.1.7 Road safety

Purpose of measure	Performance measure	2015/16	2016/17	2017/18	2018-25
To measure the quality and timeliness of the transport infrastructure and service	Residents condition (%) rating of the network - roads and footpaths (good or very good)	Roads 75% Footpaths 75%	Roads 75% Footpaths 75%	Roads 75% Footpaths 75%	Roads 75% Footpaths 75%
	Requests for service response rate - urgent (within 2 hours) and non-urgent (within 15 days)*	Urgent 100% Non-urgent 100%	Urgent 100% Non-urgent 100%	Urgent 100% Non-urgent 100%	Urgent 100% Non-urgent 100%

	Roads (%) which meet smooth roads standards (average quality of ride on sealed local road network, measured by Smooth Travel Exposure based on NAASRA counts)*	70%	70%	70%	70%
	Footpath (%) condition rating (measured against WCC condition standards)*	97%	97%	97%	97%
	Street lighting (%) for major roads (arterial, principal and collector roads) meets national standards)	100%	100%	100%	100%
	Residents' satisfaction (%) with street lighting in the central city and suburban areas	Central city 85% Suburbs75%	Central city 85% Suburbs75%	Central city 85% Suburbs75%	Central city 85% Suburbs75%
	Sea wall and retaining wall condition rating - walls (%) rated 3 or better (1 very good, 5 very bad)	90%	90%	90%	90%
	Percentage of the sealed local road network that is resurfaced*	10%	10%	10%	10%

**DIA Mandatory measure*

7.2 Parking

7.2.1 Parking

Purpose of measure	Performance measure	2015/16	2016/17	2017/18	2018-25
To measure the quality of our parking provision	On-street car park turn-over rates - weekdays and weekends	Weekday 6.8 Weekend 5.2	Weekday 6.8 Weekend 5.2	Weekday 6.8 Weekend 5.2	Weekday 6.8 Weekend 5.2
	On-street car park average occupancy	75%	75%	75%	75%
	On-street car park compliance - time restrictions and payment	Time 95% Payment 90%	Time 95% Payment 90%	Time 95% Payment 90%	Time 95% Payment 90%
	Residents' perceptions (%) that parking enforcement is fair	Increase from previous year	Increase from previous year	Increase from previous year	Increase from previous year

Urban development - activity budget

6.1 Urban planning, heritage and public spaces development	2014/15 AP 2014/15	2015-25 LTP 2015/16	2015-25 LTP 2016/17	2015-25 LTP 2017/18	2015-25 LTP 10-year total
	Gross Expenditure	Gross Expenditure	Gross Expenditure	Gross Expenditure	Gross Expenditure
Operating expenditure	**($000)**	**($000)**	**($000)**	**($000)**	**($000)**
6.1.1 - Urban planning and policy	1,819	2,277	2,217	1,995	22,256
6.1.2 - Waterfront development	11,226	972	991	1,011	11,131
6.1.3 - Public spaces and centres development	1,763	2,169	2,148	2,185	22,427
6.1.4 - Built heritage development	1,026	1,498	2,007	1,767	12,875
Total operating expenditure	**15,834**	**6,916**	**7,362**	**6,958**	**68,688**
Capital expenditure	**($000)**	**($000)**	**($000)**	**($000)**	**($000)**
6.1.1 - Urban planning and policy	-	-	-	-	-
6.1.2 - Waterfront development	2,712	6,843	7,105	4,184	56,657
6.1.3 - Public spaces and centres development	1,984	1,425	2,456	928	84,214
6.1.4 - Built heritage development	-	-	-	-	-
Total capital expenditure	**4,696**	**8,268**	**9,561**	**5,112**	**140,871**
6.2 Building and development control	2014/15 AP 2014/15	2015-25 LTP 2015/16	2015-25 LTP 2016/17	2015-25 LTP 2017/18	2015-25 LTP 10-year total
	Gross Expenditure	Gross Expenditure	Gross Expenditure	Gross Expenditure	Gross Expenditure
Operating expenditure	**($000)**	**($000)**	**($000)**	**($000)**	**($000)**
6.2.1 - Building control and facilitation	12,801	13,809	14,012	13,646	148,600
6.2.2 - Development control and facilitation	5,728	5,981	6,112	6,221	67,628
6.2.3 - Earthquake risk mitigation - built environment	1,469	1,710	1,598	1,959	20,140
Total operating expenditure	**19,998**	**21,500**	**21,722**	**21,825**	**236,368**
Capital expenditure	**($000)**	**($000)**	**($000)**	**($000)**	**($000)**
6.2.1 - Building control and facilitation	-	-	-	-	-
6.2.2 - Development control and facilitation	-	-	-	-	-
6.2.3 - Earthquake risk mitigation - built environment	17,651	5,940	6,502	26,108	69,715
Total capital expenditure	**17,651**	**5,940**	**6,502**	**26,108**	**69,715**

Transport – activity budget

7.1 Recreation promotion and support	2014/15 AP 2014/15 Gross Expenditure	2015-25 LTP 2015/16 Gross Expenditure	2015-25 LTP 2016/17 Gross Expenditure	2015-25 LTP 2017/18 Gross Expenditure	2015-25 LTP 10-year total Gross Expenditure
Operating expenditure	**($000)**	**($000)**	**($000)**	**($000)**	**($000)**
7.1.1 - Transport planning	1,108	1,144	817	712	6,660
7.1.2 - Vehicle network	23,136	22,645	23,543	25,858	301,520
7.1.3 - Cycle network	692	1,660	1,803	2,371	28,455
7.1.4 - Passenger transport network	1,612	1,720	4,036	1,653	22,315
7.1.5 - Pedestrian network	6,579	6,548	6,583	7,018	79,088
7.1.6 - Network-wide control and management	6,285	6,799	6,874	7,040	72,621
7.1.7 - Road safety	5,971	6,095	6,067	6,325	68,712
Total operating expenditure	**45,383**	**46,612**	**49,721**	**50,977**	**579,372**
Capital expenditure	**($000)**	**($000)**	**($000)**	**($000)**	**($000)**
7.1.1 - Transport planning	-	-	-	-	-
7.1.2 - Vehicle network	24,565	23,017	19,479	25,300	286,755
7.1.3 - Cycle network	4,352	5,673	12,001	17,071	57,704
7.1.4 - Passenger transport network	161	145	902	1,140	22,859
7.1.5 - Pedestrian network	3,851	4,583	3,851	5,269	60,631
7.1.6 - Network-wide control and management	2,055	2,804	1,230	1,275	16,013
7.1.7 - Road safety	2,729	2,352	3,360	2,973	36,933
Total capital expenditure	**37,713**	**38,573**	**40,823**	**53,028**	**480,894**
7.2 Parking	2014/15 AP 2014/15 Gross Expenditure	2015-25 LTP 2015/16 Gross Expenditure	2015-25 LTP 2016/17 Gross Expenditure	2015-25 LTP 2017/18 Gross Expenditure	2015-25 LTP 10-year total Gross Expenditure
Operating expenditure	**($000)**	**($000)**	**($000)**	**($000)**	**($000)**
7.2.1 - Parking	11,936	13,404	13,358	13,619	154,210
Total operating expenditure	**11,936**	**13,404**	**13,358**	**13,619**	**154,210**
Capital expenditure	**($000)**	**($000)**	**($000)**	**($000)**	**($000)**
7.2.1 - Parking	180	1,449	496	298	8,842
Total capital expenditure	180	1,449	496	298	8,842

Council Controlled Organisations

Wellington Regional Stadium Trust

Structure	Objectives	Activities	Performance indicators
All of the trustees are jointly appointed by the Council and Greater Wellington Regional Council (GWRC). As at **1 July 2015**, they are John Shewan (Chair), Councillor Nigel Wilson (GWRC), Liz Dawson, Susan Elliott, Steven Fyfe, Mark McGuinness, Rachel Taulelei and Councillor Simon Marsh (WCC). The Chief Executive is Shane Harmon.	The Wellington Regional Stadium Trust owns, operates and maintains the Stadium as a high quality multi-purpose sporting and cultural venue. It provides facilities to be used for rugby, cricket and other sports codes, musical and cultural events, and other users including sponsors and event and fixture organisers.	Operates the Stadium. Manages the event programme and seeks opportunities to provide regular quality events. Ensures the Stadium is provided to the community for appropriate usage. Administers the Trust assets and the Stadium on a prudent commercial basis.	Number of events. Total revenue. Event revenue. Net surplus.

Note: the Wellington Regional Stadium Trust is not formally defined as a Council Controlled Organisation. This plan for its activities is presented to recognise the interest that Wellington city ratepayers have in the Trust and its activities.

Wellington Region Economic Development Agency

Structure	Objectives	Activities	Performance indicators
WREDA is the new regional economic development agency, combining the economic development activities of Wellington City Council and the Regional Council into one organisation. The City Council is an 80% shareholder, and the Regional Council holds a 20% share. As at **1 July 2015**, the board members are Peter Biggs (Chair), Helen Anderson, Matt Clarke, Sarah Gibbs, Prof.Grant Guilford, Richard Laverty, Paul Mersi, Thomas Pippos and Lorraine Witten. The Chief Executive is Chris Whelan.	WREDA is a new economic development agency that brings together the region's economic development agency (Grow Wellington) with existing city tourism (Positively Wellington Tourism) and venues (Positively Wellington Venues) agencies, and the Council's major events activities. The benefits to the region of a single agency include: one voice, clearer focus, better use of resources, and improved scale and capacity.	To be confirmed on approval of SOI.	To be confirmed on approval of SOI.

Wellington Museums Trust

Structure	Objectives	Activities	Performance indicators
All trustees are appointed by the Council. As at **1 July 2015**, they are Quentin Hay (Chair), Councillor Nicola Young, Jackie Lloyd, Rachel Farrant, and Jill Wilson. The Chief Executive is Pat Stuart.	The Wellington Museums Trust (WMT) was established in 1995 to promote and manage the City Gallery Wellington, the Museum of Wellington City and Sea, the Colonial Cottage, Capital E, the Wellington Cable Car Museum, and the Carter Observatory. WMT manages its facilities, establishes exhibition programmes and education policies for its facilities, and develops acquisition, deaccession and collection development policies for its collections and artefacts.	Deliver high quality experiences, events and exhibitions at its facilities. Manage conservation and care for the objects of its collections, and conduct research and development to enhance visitors' experiences. Offer quality education experiences to children and young people. Promote and protect the heritage of venues. Work with national and international artists and collectors.	Attendance: • City Gallery • Capital E • Museum of Wellington • Cable Car Museum • Carter Observatory. Subsidy per visitor. Revenue per visitor. Total ownership cost to Council. Percentage of visitors who rate the quality of their experience as good or very good. Percentage of visitors that are repeat visitors.

Wellington Cable Car Limited

Structure	Objectives	Activities	Performance indicators
The Council is the 100% shareholder in this company and appoints all of the directors. As at **1 July 2015**, they are Council officers Anthony Wilson and Andy Matthews. The Chief Executive is Simon Fleisher.	Wellington Cable Car Limited owns and operates the Cable Car. It also owns and maintains the overhead wiring system for the trolley bus passenger network which services the city.	Maintain the cable cars and associated track, plant, tunnels, bridges and buildings in accordance with best engineering practice, and to meet the certification requirements of the New Zealand Transport Agency. Market and manage the cable car passenger service operation. Manage the contract for the inspection, maintenance and repair of the trolley bus overhead wiring system.	Cable car passenger numbers. Cable car service reliability. Percentage of users who rate the standard and operational reliability of the Cable Car as good or very good.

Wellington Water Limited

Structure	Objectives	Activities	Performance indicators
Wellington Water was established in September 2014 and was formed by the merger of Greater Wellington Regional Council's water supply group with Capacity Infrastructure Services, which was owned by Hutt, Porirua, Upper Hutt and Wellington city councils. The five local authorities are joint and equal owners of Wellington Water. Each council owns its respective water, storm water and waste water assets and determines the level and standard of services to be provided to its customers and ratepayers. As at **1 July 2015**, the Directors are John Strahl (Chair), Nicki Crauford, Ian Hutchings, Cynthia Brophy, David Wright and Raveen Jaduram. The Chief Executive is Colin Crampton.	To manage the provision of water services (water supply, storm water and wastewater) to the residents and businesses in the areas served by its customers. Wellington Water's customers are Wellington City Council, Hutt City Council, Porirua City Council and Upper Hutt City Council.	Provide high quality, safe and environmentally sustainable services to shareholding councils and other customers with a focus on contracted service delivery for the operation, maintenance and on-going development of drinking water, storm water and waste water assets and services, and asset management planning.	Provide a reliable water supply, wastewater and storm water management service. Deliver budgeted capital expenditure projects for its shareholding councils. Deliver budgeted operating and maintenance activities for its shareholding councils. Comply with relevant standards, legislation and resource consents.

Wellington Zoo Trust

Structure	Objectives	Activities	Performance indicators
The Wellington Zoo Trust was established on 1 July 2003 and all of the trustees are appointed by the Council. As at **1 July 2015**, they are Ross Martin (Chair), Frances Russell, Linda Meade, Raewyn Bleakley, Craig Ellison, and Councillor Sarah Free. The Chief Executive is Karen Fifield.	The Wellington Zoo Trust manages the assets and operations of Wellington Zoo for the benefit of the residents of Wellington and visitors to the city. It promotes species conservation, educates the community by building an awareness of plant and animal species, and supports the conservation and educational activities of other organisations.	Cares for resident animals and manages the animal collection. Provides a high-quality visitor experience. Participates in captive management breeding and breed-for-release programmes. Develops and maintains high quality animal exhibits. Delivers educational material and learning experiences. Contributes to zoological, conservation and facilities management research projects.	Number of visitors. Conservation Programme Managed Species (% of total collection). Average WCC subsidy per visitor. Total ownership cost to Council. Average income per visitor. Ratio of generated Trust income as % of WCC grant.

Basin Reserve Trust

Structure	Objectives	Activities	Performance indicators
There are four trustees, of whom two are appointed by the Council and two by Cricket Wellington. As at **1 July 2015**, the two trustees appointed by the Council are Councillor Paul Eagle and Sir John Anderson (Chair). The two trustees appointed by Cricket Wellington are Don Neely and John Greenwood. The Chief Executive is Peter Clinton.	The Basin Reserve Trust manages and operates the Basin Reserve to continue to attract national and international sporting events to Wellington.	Manages the Basin Reserve for recreational activities and the playing of cricket for the residents of Wellington. Contributes to the events programme for Wellington. Operates as a successful not-for profit undertaking. Preserves and enhances the heritage value of the Basin Reserve.	Number of events: • Cricket • Other sports • Community. Number of event days: • Cricket • Other sports • Community. Attendance figures

Lambton Harbour Management Limited (trading as Wellington Waterfront Limited)

Structure	Objectives	Activities	Performance indicators
The Council is the 100% shareholder in this company and appoints all of the directors. As at **1 July 2015**, they are council officers Kevin Lavery (chair), Derek Fry, Andy Matthews and Greg Orchard. On 1 April 2014, the external Board of Wellington Waterfront Limited was disestablished.	Wellington Waterfront Limited holds the assets of the Wellington Waterfront project (as defined in the Wellington Harbour Board and Wellington City Council Vesting and Empowering Act 1987) as bare Trustee for the Council.	Since 1 July 2014, Wellington Waterfront Limited has functioned as a holding company for Waterfront assets.	Not Applicable. On 30 June 2014 the Council terminated the management agreement with Wellington Waterfront Limited that appointed it as the implementation agency for the waterfront.

Wellington Waterfront Development Plan – three years (2015/16–2017/18)

Context

The Waterfront Development Plan (WDP) outlines the Council's work programme to implement the objectives of the Wellington Waterfront Framework (2001)[1]. The WDP is required by the Framework and is the way the Council develops the work plan for the waterfront and approves funding for the waterfront project.

The Framework requires transparency and a willingness to engage with the public about how the waterfront is developed. A balance must be set between making good progress on the waterfront and providing the public with sufficient opportunity to be involved. The Council consulted on the draft WDP (alongside the 2015/25 draft LTP) to obtain community feedback and views on its plans for the waterfront and associated funding, before agreeing this plan.

For projects that are at an early or investigative stage, there will be further opportunity for consultation and obtaining feedback and views prior to the Council making a final decision on whether a particular project will proceed. In addition, most applications for resource consent are publicly notified so that provides a further opportunity for public engagement and input.

Implementation of the WDP is the responsibility of City Shaper (and other Council business units). City Shaper is a Council business unit which was established following the decision by the Council in December 2013 to bring the implementation of the waterfront project in-house from 1 July 2014. This was given effect by terminating the management agreement the Council had with Wellington Waterfront Ltd (WWL) and transferring the staff of WWL to the Council.[2]

This WDP covers the three-year period from 1 July 2015. This 3 year plan will be reviewed annually (i.e. in years 2 and 3 as part of the 2016/17 and 2017/18 Annual Plans).

What is planned for the next three years

There are many proposed and on-going projects, all with different complexities, and in some cases, the potential to be interrelated. Some work needs to be done sequentially because of physical requirements to maintain the waterfront experience as much as possible during construction or to coincide with neighbouring development activities. There may sometimes be financial implications that justify undertaking one piece of work before another. Further, sufficient flexibility must be built in to respond to good ideas or proposals in a timely manner, should they arise.

The following **key projects** are planned for the next three years.

The Promenade

Development of the promenade as the spine that connects the waterfront is on-going. The proposed redevelopment of the north Kumutoto public space which will coincide with the proposed redevelopment of site 10 will not only significantly improve the promenade for pedestrians and cyclists but also improve connectivity with CentrePort and the stadium to the north.

Subject to resource consent for the site 10 building and adjacent public space including the promenade being obtained, works will commence in 2016/17 and be completed in 2017/18.

Refer to north Kumutoto below for further detail, including budget amounts.

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[1] The principles and objectives of the Wellington Waterfront Framework were reviewed by the Council in 2011 and endorsed as still being a relevant and appropriate blueprint for the future of the waterfront.
[2] Wellington Waterfront Ltd remains a Council controlled organisation and owns the Waterfront assets which it holds on trust for Wellington City Council.

Seawall and wharf maintenance

Many of the waterfront's wharves are timber structures that are over 100 years old and require periodic maintenance to ensure they are kept to a satisfactory standard to provide sufficient levels of service appropriate to their use.

Seawalls are also critical assets and many of which date back to the early 1900's are heritage listed as important links with Wellington's past. The redevelopment of public space on the waterfront often provides the opportunity to undertake remedial work identified in periodic condition surveys these assets.

Further maintenance of these essential elements of the waterfront is planned for each of the next three years with an allocated budget sum of $2.839 million.

Capex Budget ($000):	2015/16	2016/17	2017/18
	$329	$850	$1,660

Waitangi Precinct

The redevelopment of Clyde Quay Wharf and public space will be all but complete as we enter the 2015/16 financial year.

Taranaki Street Wharf Precinct

The provision of a public toilet and change facility is proposed in 2015/16 to complement the popular jump platform.

Capex Budget ($000):	2015/16	2016/17	2017/18
	$400	$0	$0

Frank Kitts Park Precinct

Successive Waterfront Development Plans since 2007 have signalled the redevelopment of Frank Kitts Park.

The Council approved the Garden of Beneficence design for the proposed redevelopment of Frank Kitts Park in December 2007. The design includes the redevelopment of the children's playground, the Main Lawn and construction of the Chinese Garden, subject to the Wellington Chinese Garden Society (WCGS) meeting the costs of the Chinese Garden and Council costs. The project did not progress due to the global financial crisis and delays in the WCGS's fundraising.

The Council will implement the agreed Garden of Beneficence concept design which redevelops Frank Kitts Park with three key components - the Chinese Garden, the Main Lawn and the Children's Playground. We will first move to develop a design and apply for resource consent. The developed design will incorporate and address the feedback from consultation on the design, the issues highlighted below and the recommendations from Council's Technical Advisory Group.

- *Chinese Garden* – the Wellington Chinese Garden Society and sister cities Beijing and Xiamen are funding the Chinese garden element of the project.
- *Children's Playground* – revision of the children's playground design was referred to user group consultation and feedback in mid-2014 and resulting suggested improvements will be incorporated at the detailed design stage.
- *The Main Lawn* – further consideration will be given to the central Main Lawn area ensuring appropriate integration with the playground and Chinese garden, including spaces that are protected from weather elements to optimise casual lunchtime use as well as suitable events space.

Resource consent for the redevelopment of Frank Kitts Park will be applied for in the first half of the 2015/16 year and construction is likely to be undertaken over the 2015/16 and 2016/17 years.

Capex Budget ($000):	2015/16	2016/17	2017/18
	$3,500	$2,050	$0

Queens Wharf Precinct

Master planning for this area was completed and presented to the Council in 2011. With the exception of conversion of Shed 6 to the temporary convention centre, nothing has been progressed in the intervening period. The external refurbishment of shed 6 and TSB Arena will be completed in the 2015/16 financial year.

Capex Budget ($000):	2015/16	2016/17	2017/18
	$2,300	$0	$0

Investigations into the establishment of more recreational activities in the Shed 6 harbour basin are ongoing.

Appropriate opportunities to breathe new life into Shed 1, the north end of Shed 6 and the outer-T of Queens Wharf will be sought.

The long established Helipro commercial helicopter business based in Shed 1 and the outer-T was placed in receivership in November 2014. Following a competitive selection process in early 2015, the Council has selected Garden City Helicopters as the operator from the outer-T. We are proposing a purpose-built helicopter facility on the southern end of the outer-T along the lines of what was proposed in the 2009 Blue Skies Ideas Competition. Prior to proceeding with this proposal, the Council will approve the design, lease and commercial terms.

Kumutoto Precinct

Following the Council's approval of the development and lease agreement for sites 9 and 10 and subject to the successful outcome of the resource consent application, detailed development of the design of the public space will commence in 2015/16. Construction of the public space is likely to commence in 2016/17 approximately 6 – 9 months after the proposed commencement of construction of the site 10 building.

During the developer selection process, no proposals for site 9 were recommended to the Council by the previous WWL board and TAG. As a consequence, in conjunction with the development agreement for site 10, Willis Bond has a two-year option to submit a suitable development proposal for WCC consideration. However, if the Council wishes to progress development plans for site 9 before the end of the two-year period, there is a mechanism to do this. All future proposals for site 9 will be subject to public consultation and Council approval.

Capex Budget ($000):	2015/16	2016/17	2017/18
	$0	$3,075	$2,100

Motorhome Park

The proposed relocation of the Wellington Waterfront Motorhome Park to adjacent CentrePort-owned land to enable redevelopment of site 10 has been allowed for in the 2015/16 year.

Capex Budget ($000):	2015/16	2016/17	2017/18
	$350	$0	$0

Other capital renewals and general planning

An ongoing programme of repairs and maintenance, capital expenditure and renewals relating mainly to addressing seismic and resilience issues, public space lighting, bridge painting and historic wharf cranes repainting will be ongoing throughout the period in accordance with our Asset Management Plan.

Capex Budget ($000):	2015/16	2016/17	2017/18
	$560	$308	$210

How we'll measure our performance

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

The framework has set seven objectives for the waterfront.

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

Periodic independent surveys of public opinion consistently show satisfaction and approval ratings in excess of 90%. We will continue to strive to maintain and improve these ratings.

Design outcomes will continue to be monitored by the Council's Technical Advisory Group, an independent provider of design advice for the Council. Drawing on the architecture, landscape architecture and urban design expertise of its members, TAG ensures that the Framework principles have been applied consistently in the design of buildings and public space.[3]

We will also continue to place increased emphasis on our place-making activities to create an even stronger sense of place through:

- a diverse offering of activities and development
- improved access along the waterfront and between the city and the harbour
- an evolving waterfront experience that is mindful of its historic past and its future
- a consultative process that encourages participation by interested and affected groups and individuals.

[3] TAG was appointed by Council in 2001 to ensure that Council decisions comply with the Framework. TAG has specific advisory and recommendatory roles and functions and is also delegated decision-making on certain public space proposals.

Statement of city housing portfolio assessment framework[4]

The Council is undertaking a significant upgrade of its social housing stock. This will require administrative decisions from time to time in relation to the disposal and reinvestment back into the housing portfolio.

The Council manages its City Housing Portfolio using the 'City Housing Portfolio Assessment Framework' (2014). The Council is committed by the 2008 Deed of Grant with the Crown to remain in social housing at approximately the same levels until June 2038 and ring-fence all income from its social housing activity for reinvestment back into the asset. All proceeds from the sale of social housing assets must be reinvested in the social housing portfolio.

The City Housing Portfolio Assessment Framework allows the Council to objectively assess and compare properties in the Council's present and potential future portfolio, in order to meet Council's strategic objectives. The Framework is based on a number of asset related principles:

- Location – Housing should be well located - i.e. close to public transportation routes and essential services
- Design – Housing should be maintained and renewed to contemporary, functional design standards in terms of access, aspect, security, use of space, health and safety, energy efficiency and use of materials
- Stock matched to demand – City Housing should be able to respond to demand from different sized and type of households
- Adaptability – Housing should be capable of responding to the needs of people with different cultural backgrounds, different physical abilities etc.
- Value retention – The Council's investment in housing should retain value over time.

The Community, Sport and Recreation Committee (or such other Committee that may have the form and function of the present Community, Sport and Recreation Committee) has been delegated the power to make decisions under the City Housing Portfolio Assessment Framework provided that:

a) the divestment decision is less than $2 million and

b) the reinvestment of proceeds (from divestment) is in social housing

c) the proposal is in accordance with the City Housing Portfolio Assessment Framework (2014), the Deed of Grant for Wellington City Council's Social Housing (2008) and the Council's Significance and Engagement Policy

d) for any matter not meeting the requirements in a-c above, the Committee will have the power of recommendation only and the final decision will be made by Council.

*See Volume 2: Significance and Engagement Policy: List of Strategic Assets

[4] See Volume 2: Significance and Engagement Policy: List of Strategic Assets.

Financial Strategy – Investing for Growth

Our 10-year plan

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A CHANGING FINANCIAL LANDSCAPE

In 2012 the Council's Financial Strategy was underpinned by fiscal restraint, recognising the organisation's big financial challenges including earthquake strengthening, leaky buildings and rising insurance costs. Confidence in the economy was low and ratepayer expectations were for rates increases in line with inflation. The strategy conformed to existing practice and complemented existing financial policies. It set an annual rates increase target for 2012/13 equal to the Local Government Cost Index, lowering to CPI (around 2.5%) in subsequent years and planned for debt ratios significantly lower than all other metropolitan cities in New Zealand. But growth forecasts were low. The strategy was not sustainable and risked service cuts and minimal new offerings unless rates increased above the strategy's forecasts.

We have since reviewed how we deliver our services and consolidated our council-controlled organisations and implemented regional shared services in water, IT and procurement programmes. These and similar initiatives are expected to deliver savings in excess of $50 million for Wellington ratepayers over the next 10 years – though this is not enough to fund the increasing expectations that we, our residents and businesses have for the city.

Rates increases equal to or lower than CPI (household inflation) are not sustainable in the long-term without cutting services. This would not be enough to fund what we provide now and meet ratepayer expectations for improved services.

Rather than risk cuts to services and a stagnating city, our new Financial Strategy provides a platform for the Council to invest and support economic growth, which in turn will create jobs, grow our ratepayer base and increase prosperity. We will achieve this by prioritising proposals for funding and expenditure that:

- Rebalance our spend and investment between key strategy areas
- Identify areas where service levels and performance are already high and increase the use of existing assets, rather than spending on new investments
- Invest in projects that grow the economy and deliver returns on our investment
- Encourage urban growth in areas where we have existing infrastructure and public transport and in a way that improves environmental performance
- Improve our asset management to better manage risk while also maintaining high levels of service delivery
- Achieve ongoing efficiencies within the organisation, with a focus on shared services and improved customer experiences.

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WORKING FROM A POSITION OF FINANCIAL STRENGTH

Wellington City Council is in a strong financial position. Our debt to income ratio is currently less than 100%. This compares favourably with other metropolitan councils whose equivalent ratios range from over 175% to around 275%. The Council also holds investments in Wellington Airport and a substantial ground lease portfolio that are valued at more than our $384 million in borrowings. So the Council could theoretically sell these assets and have no debt at all.

In its 2014 review of the Council's credit rating, the independent credit rating agency Standard & Poor's judged Wellington City's stand-alone credit profile to be the highest of local government in New Zealand, and even higher than the Government's, but have capped it at the central government level. S&P's assessment that the Council has 'very strong financial management and budgetary flexibility, strong budgetary performance and liquidity and low contingent liabilities' supports our view that our credit strength and institutional framework will allow higher debt burdens as we progress our strategy to invest in projects to grow the Capital City's economy.

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

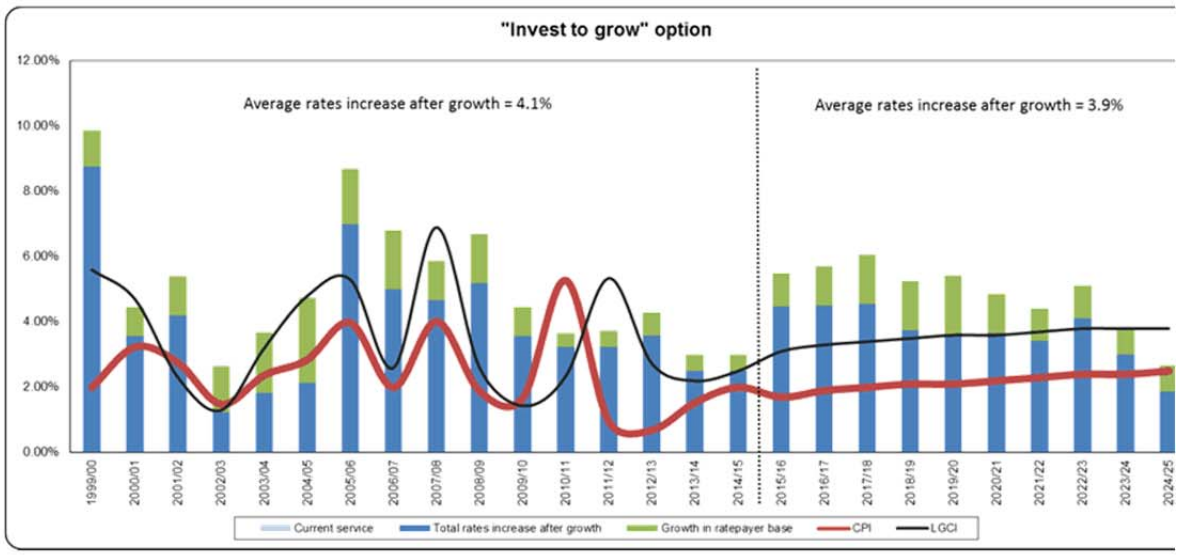
RATES FORECASTS AND LIMITS

Our 'invest to grow' strategy provides to limit average rate increases at 4.5% over the first three years of the LTP and an average of 3.9% across the 10-year Plan.



The 3.9% average annual rates increase limit proposed within this strategy compares favourably with the average increase of 4.1% over the last 15 years.

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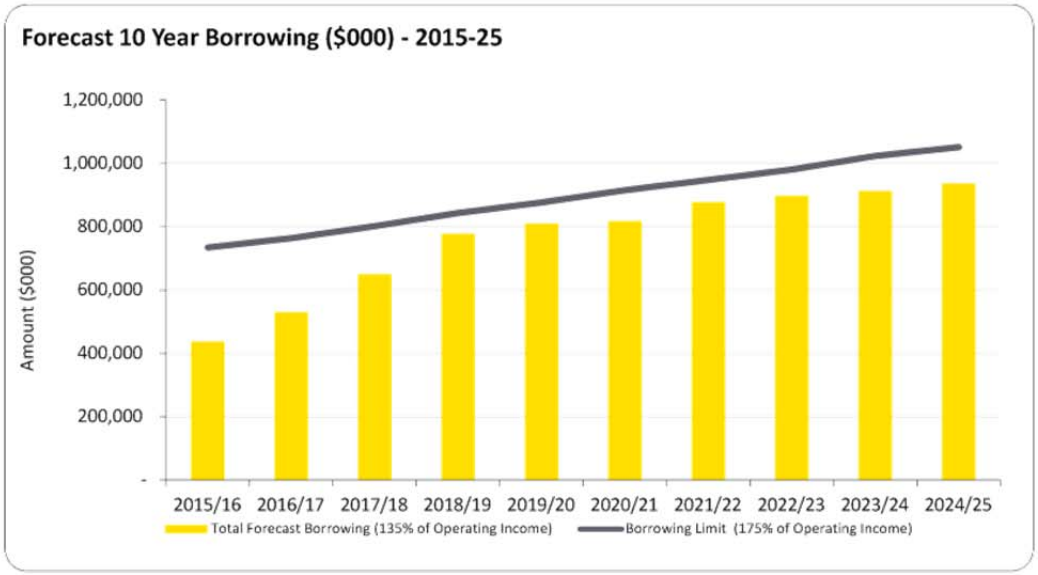


DEBT FORECASTS AND LIMITS

We are forecasting debt across the period of this LTP to peak at about 140% of operating income. The limit to the amount of debt the Council will take on over the period of this strategy is 175% of operating income. This limit provides some contingency for the Council to respond immediately to an unplanned emergency or natural disaster. The cost of servicing the forecast debt, and the assets we build or buy, is built into our forecast rates increases.

If we keep going as we are…		If we invest for growth	
130% forecast 150% limit	Council debt will be capped at a maximum of 150% of annual income – the same as a household earning $50,000 a year having a mortgage of $75,000.	140% forecast 175% limit	Council debt will be capped at a maximum of 175% of annual income – the same as a household earning $50,000 a year having a mortgage of $87,500.

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CHALLENGES AND OPPORTUNITIES

In the pages that follow we explain how we propose to manage the financial challenges, opportunities and risks the city faces to enable the Council to deliver on this strategy in a financially prudent manner.

Population, land use, and rating base growth

Since 2010 Wellington City has had slow population growth of 0.7% per year (0.2% below the national average). The 2015 population is estimated at around 203,000 people. It is expected to increase by about 12,000 to around 215,000 by 2024, a modest 0.6% average growth rate per year. Limited changes to land use are forecast, however the Council's Northern Growth Management Plan provides for the conversion of open space to residential development. The capital cost to provide for these changes over the 10 years is forecast at around $75 million and the associated operating cost about $9 million.

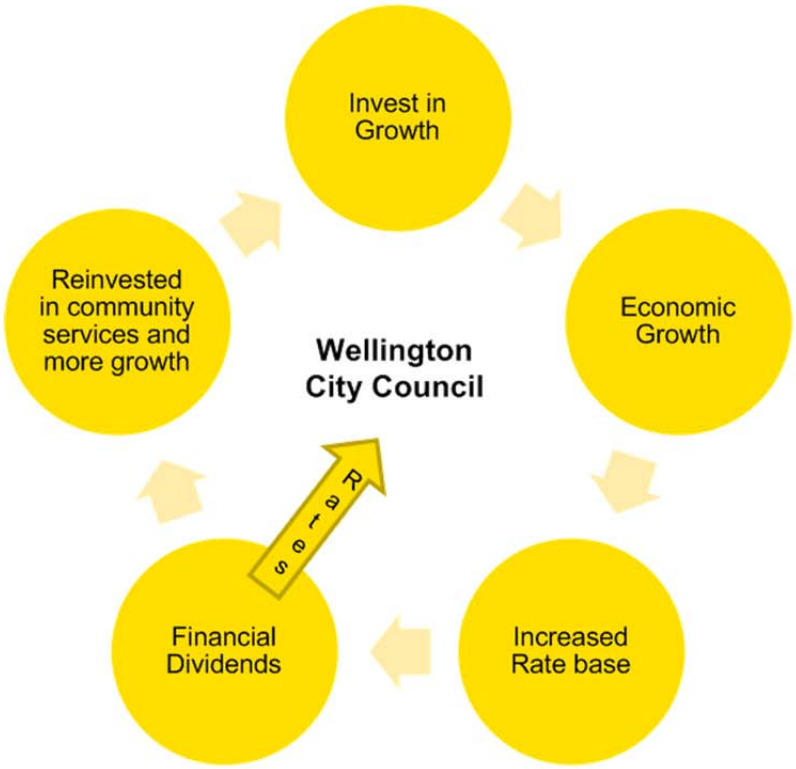
In the past five years, the ratepayer base has grown at an average rate of just 0.4%. History shows that Council investments can be a catalyst for economic growth. This was evident in the last significant growth spurt, when our rating base growth peaked at around 2.2% per annum in the early 2000s on the back of game-changing projects like Te Papa, Westpac Stadium and development of the waterfront.

This Financial Strategy aims to create the capacity to invest in initiatives that act as a catalyst for growth in the economy and the city's rating base. Our LTP includes a number of key investment projects that we expect will accelerate growth in our ratepayer base, which we conservatively expect to peak at around 1.8%, an average of 1.2% over 10 years. The larger rating base is expected to generate a $37 million boost for existing ratepayers by 2024/25, a cumulative benefit

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of more than $205 million across the 10 years – and this benefit will continue to accumulate in subsequent years.

The financial benefit, or return, that the Council receives from prudent investments can be re-invested in the city. We call this the 'virtuous circle'.



A strategic approach to asset investment

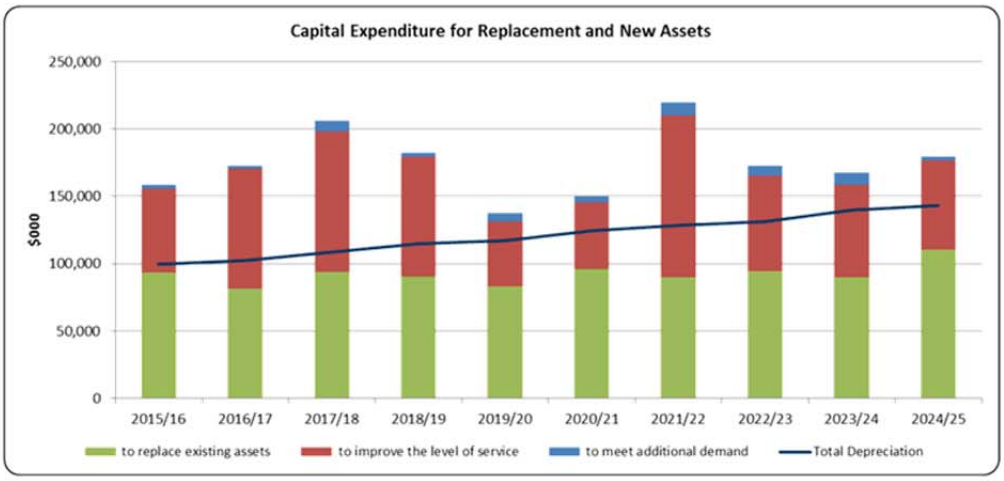
This plan is different in direction and approach to the past. The emphasis is strategic and long-term with a focus on short-term delivery.

The first three years of the plan is detailed and reflects a work programme that is realistically deliverable in the timeframe. A rolling three-year forecast provides flexibility for the Council to respond to unanticipated changes and to consider new opportunities.

We've done a lot of work to better understand the quality of our assets. They are generally in good condition and we have a robust asset renewal programme in place. Continuing to improve the quality of asset information, particularly for our network infrastructure, means we can get more value from our assets without exposing the Council or the community to undue risk. We have used updated information to better plan and make decisions about assets that need renewing over the 10 years of the LTP. Our Infrastructure Strategy expands this timeframe out to 30 years and gives us confidence that we have the financial capacity to maintain our existing infrastructure in the longer term.

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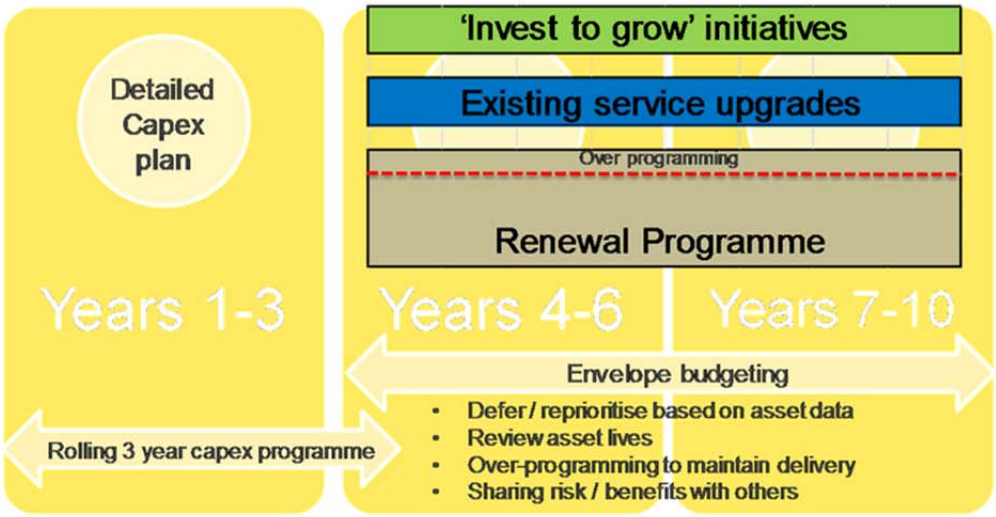
The expected capital costs for the network infrastructure required to maintain existing levels of service, and meet additional demands, is as follows:



Significant projects to upgrade or improve services include expanding the cycling network, building a new library in Johnsonville and improving the resilience of the city's water supply. We also plan to continue to improve earthquake resilience, including the strengthening of the Town Hall, Central Library and civic offices.

There is less certainty, however, around the details, costing and timing for a range of potential new economic growth initiatives. While these initiatives will all be subject to robust business cases and public consultation, it's also important that we demonstrate the Council's capacity to invest in projects such as an international film museum, indoor music arena, extending the airport runway and urban development initiatives.

We have used an 'envelope budgeting' approach to reflect the capacity that the Council has within its financial strategy to fund 'invest to grow' economic initiatives in years 4 to 10 of the LTP.



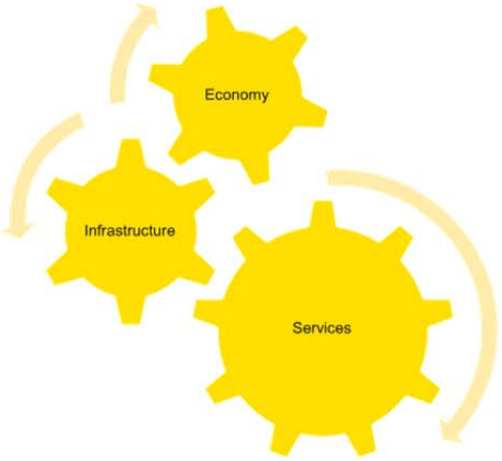
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Managing investment expectations

Annual surveys and benchmarking data show that service levels for social, recreation and community infrastructure are high in Wellington. However, over the last 10 years there has been an expectation in the community that the Council will continue to increase service levels in these areas.

It is also recognised that during this period investment to support the broader Wellington economy and the city's rating base has been low.

This Financial Strategy recognises the importance of investment in the economy to grow the city and increase the rating base to provide the financial capacity to continue to invest in our infrastructure. In turn, this provides the resources for the Council to deliver on recreation, social and cultural services, amenities and events. The risks of not doing so are summarised in the diagram below.



Risks:

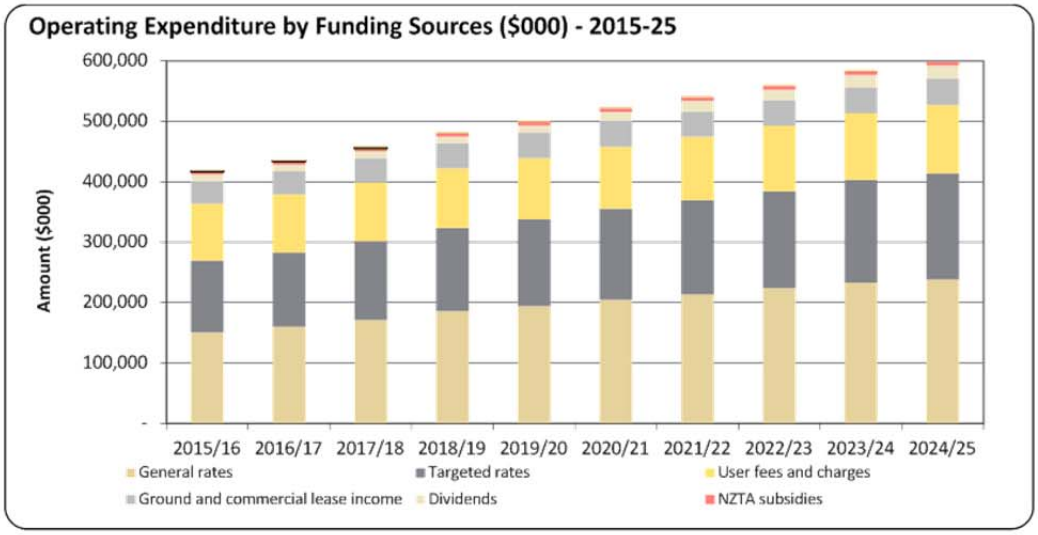
- Economy shrinks
- Insufficient growth to drive GDP, jobs and prosperity
- Shrinking rating base
- Cuts to services

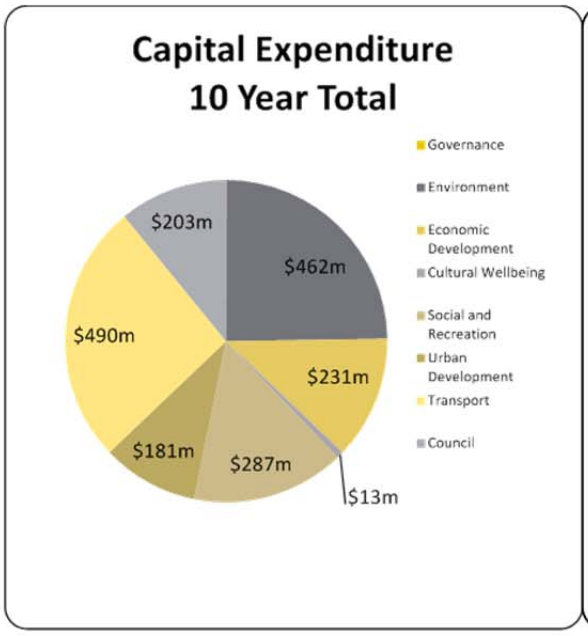
Continuing to do the basics well

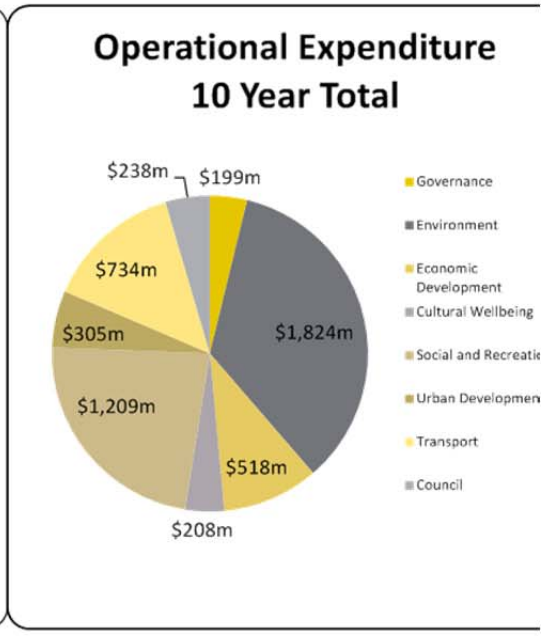
There is a risk that, in investing to improve the economic resilience of the city, we could compromise the delivery of core services. We will manage this risk by providing capacity within our rates and debt limits to ensure that we can continue to provide the services we do now. We will increase the emphasis on improving utilisation of the assets and services we currently provide. To ensure we maintain high levels of service delivery we will continuously drive operational efficiencies within the organisation. We will also focus on shared services and improved customer service - for example the merging of CCOs to create the Wellington Regional Economic Development Agency, shared IT infrastructure and a range of procurement and contract-related initiatives.

Our plan is to continue to deliver the full range of services we currently offer.

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The graphs above show that in our Financial Strategy we will continue to fund and invest in the full range of services we currently provide.

Maintaining an affordable and prudent balance between service, rates and debt

Our Financial Strategy sets a framework for investment decision-making by:

- Setting maximum limits for rates and debt supported by funding policies that will ensure rates remain affordable

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- Linking to a clear set of funding principles as contained in the Council's Revenue and Financing Policy
- Using quality asset data to drive infrastructure asset renewals and upgrades
- Requiring the Council to be specific about the costs, delivery timeline and impact on service levels of its investment decisions in the first three years of its plan
- Being transparent about the assumptions used in longer-term (years four to 10) initiatives for which full business cases are yet to completed, and providing flexibility for investment intentions to be modified, depending on these cases and other external factors.

There is a risk that in attempting to maintain or increase service levels the Council could compromise the funding principles that underpin its robust and prudent financial management. This risk is mitigated by continuing to make provision in our Financial Strategy to:

- Maintain a balanced budget. The Council will raise sufficient income each year to fund the costs of providing services consumed by the city that year. No profit is budgeted or rated for. Note that our financial statements will show a surplus because revenue received for capital expenditure is required to be shown as income.
- Continue to fully fund depreciation on assets that the Council will be required to renew when they reach the end of their useful life. This is needed so we can pay for their replacement in the future.
- Debt-fund to maintain intergenerational equity. Debt is used to initally fund assets. This debt is repaid over the life of the asset through depreciation funding. This ensures that ratepayers only pay the cost of a service when they benefit from a service.
- Enable asset management planning to inform and complement financial planning. This considers the condition and deterioration of assets to estimate their useful life and the costs of their replacement and repair. It balances risk and the and timing of replacement, as well as asessing the capacity required for growth
- Manage investments and equity securities. The primary objective of holding and managing investments and equity securities is to optimise the return on the overall investment portfolio. Investments are also held for the purpose of achieving the Council's strategic objectives and to provide diversity to the Council's revenue sources. For non-strategic investments, the target return for investment is to achieve an average return over time greater than the Council's long term cost of funds, currently forecast at 6.3% per year. The Council's investment policy sets out the mix of investments, strategies and other policy considerations in greater detail.
- Operate a policy on securities. To be able to borrow money we need to offer security to the lenders. Security is a guarantee that can be redeemed in case of default, like a house as mortgage security. Our borrowings are secured by creating a charge over our rates revenue. This security relates to any borrowing and to the performance of any associated obligations to borrowing. As a shareholder in, and borrower from, the New Zealand Local Government Funding Agency we also use rates revenue as security over all borrowing from the agency.
- Implement our Insurance Strategy which balances externally-procured insurance, internal 'self-insurance', and risk retention and transfer. (CHECK THIS SENTENCE FOR MEANING!)Our insurance policy aims to achieve an adequate level of insurance with a balance of insurers from local and international markets. Our insurance is mainly for material damage and business interruption. Material damage covers catastrophic losses only, with an internal $10 million insurance reserve fund (being increased over time) to cover excesses and day-to-day working losses. The insurance coverage includes natural disasters to a limit of liability of $400 million material damage (buildings, infrastructural assets and contents) and business interruption combined over an asset portfolio of $4.658 billion (2014/15). Our cover for earthquakes and other natural disasters is informed by Geological and Nuclear Sciences (GNS) on potential losses caused by these events.

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This strategy also allows the Council to maintain a reasonable balance between services, rates and debt. Increases in service levels will be generally restricted to those services that are expected to provide an increase in the rating base, reducing the impact on existing ratepayers. Where debt funding is required to spread the cost of an investment across a number of years, we will focus on those investments that provide a return to reduce the impost on ratepayers.

Strategic partnering

We will develop a more focused and strategic approach to partnering with central government and the private sector. To reflect this we have assumed that in addition to the $1.7 billion of asset investment proposed in the 2015/2025 LTP, some investments to which we contribute will be undertaken by other organisations. To reflect this we have assumed that as part of our economic growth funding envelope we will provide sufficient grant funding to service $90 million of investment by an external party, but transfer the capital risk and not hold the associated debt on the Council's balance sheet.

We will also continue to investigate the philosophy of 'earn/back' with central government. When ratepayer/funded Council investment results in improved economic performance of the city and a higher tax take, we believe the Council should receive a portion of the financial benefit accrued by the Government.

Rates affordability

In developing our financial strategy we have been very conscious that our rates are affordable. Our strategy is underpinned by an assumption that affordability will be maintained.

Wellington residents have significantly higher incomes than the national average.

	Wellington	National average
Household income >$70,000	54.6%	38.7%
Household income <$30,000	12.4%	18.7%

We know there are small pockets of deprivation in Wellington City. We will continue to manage this factor by providing rates remission and rates postponement policies. The central government/funded rates rebate scheme can also be used in hardship cases that result in difficulty paying rates.

Residents fund about 55% of total rates. As Wellingtonians have significantly higher average incomes that the national average, our average rates equates to about 2.7% of average Wellington household income. Throughout the period of this LTP we intend to keep this below 3.5%, significantly lower than the 5% affordability threshold identified in the 2007 Local Government Rates Enquiry.

Commercial ratepayers fund 45% of total rates. Generally rates are a relatively small proportion of total business income, varying between 0.1% and 0.4%, depending on the sector.

Factors such as increased insurance and earthquake resilience costs are putting additional pressure on the likes of the not/for/profit sector and heritage property owners. While many not/for/profit organisations already receive lower rates under legislation, the Council is cognisant

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of the pressures on owners of earthquake/prone buildings and has initiated a rates remission policy to help.

Earthquake and weather/tightness risk

The Council's 2012 Financial Strategy highlighted earthquakes, weather/tightness and increasing insurance costs as key risks which warranted a conservative fiscal approach. The Council's own financial exposure to these risks is now better understood – all are catered for within this strategy and specifically budgeted for within the 2015/2025 LTP. We have made provision to strengthen the Town Hall, the Central Library and Civic Square administration buildings. We will fully repay the borrowing taken out to cover the Council's contribution to leaky building costs over the period of this LTP and will utilise recent reductions in insurance premiums to replenish our self/insurance reserves and increase our level of cover.

Delivering on the strategy

This Financial Strategy supports and enables an ambitious plan to invest in the city. We have been conservative in our growth assumptions, but there is still a risk that the investment projects we propose will not deliver the economic and rating base increases we are forecasting. We will manage this risk by conducting detailed business cases for each investment to assess their cost/effectiveness and economic contribution. We will consult with the community before deciding whether to proceed. We will also measure and report on our performance against this strategy annually and review the strategy every three years.

Our view is that there is significantly greater risk in not investing to support the city's economy, making it more difficult for us to compete nationally and internationally, a loss of businesses, jobs, cuts in services and higher long/term rates for the ratepayers that are left behind.

'Current service' strategy	'Invest to grow' strategy
No/or very limited new offering	New offerings to reinvigorate the city and its economy
Renewing assets based on a depreciation profile rather than asset quality	Greater ability to reprioritise capex renewals and upgrades based on improved asset information
Limited ability to respond to opportunities	Enhanced ability to respond to opportunities
Limited ability to respond to growth, economy and ratepayer expectations	'Envelope' budgeting to provide for economic
Minor reprioritisation of capex renewals (only) based on improved asset information	Flexibility to adjust 'envelope' in response to growth, economy and ratepayer expectations
No opportunity to grow business and community confidence through investment in the city	Opportunity to significantly grow business and community confidence
Growth in rating base will be low – fluctuating in response to economy – limited ability to influence Potential cuts to services	Elevated growth in rating base support long/term sustainability and vibrancy of the city ($200 million cumulative direct ratepayer benefit over 10 years plus city/wide benefit)
Slightly lower rates increases in the short/term (4.1% over 3 years, 3.1% over 10 years)	Slightly higher rates increases in the short/ medium term (4.5% over the first 3 years of the plan, average of 3.9% over the full 10 years)
Lower investment = lower borrowing levels, but no improvement to ratepayer equity in the city	More investment = higher borrowing levels, but maintain ratepayer equity in the city
Risk of stagnation	Opportunity for the city to grow and flourish

Source/Notes style

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Part 1: Strategy overview

Strategy introduction

This strategy explains how we will deliver infrastructure services to meet the needs of current and future generations.

It aims to achieve a balanced investment programme, which keeps existing infrastructure in good condition as well as allowing for investment in new infrastructure to meet expected growth. The strategy covers a period of 30 years. It includes an overview of major matters and trends that will have an impact on our infrastructure over this period, how we propose to respond to these, and the risks and costs associated with our investment in infrastructure over that time. All with the primary imperative of providing public value.

Strategy context

This infrastructure strategy has been developed in the following context.

Wellington has experienced modest growth over recent years (typically 1 percent per annum). The Long-term Plan aims to invest in projects that will accelerate the city's economic growth. The Urban Growth Plan 2014–2043 expects the population to increase from the current 200,000 to 250,000 within the 30-year period, with the majority of this happening along a defined growth spine. While there will be some changes in the demographics of the city, ageing of the population will be considerably less than in other parts of the country.

With this in mind, and as our city relies heavily on infrastructure and the services delivered through these assets, the focus of this strategy will be to maximise the benefits and value of investments already made in the past and into the future.

Collectively, the city has $6.5 billion invested in physical assets – everything from water, roads and footpaths (network assets) through to libraries and community halls (social assets). We spend around $94 million per year to maintain and renew these assets. Over the first third of this 30-year infrastructure strategy (30IS), we will be investing in additional infrastructure to meet modest demand from growth and fill gaps in our service offering, particularly where these investments support the Council's economic development goals.

This strategy provides a clear "line of sight" from our vision for the city through to the 2015 Long-term Plan (LTP) and the two foundation strategies – infrastructure and financial – that drive that plan.

The strategy will have the following imperatives:

- Continued development of evidenced-based decision-making tools for any infrastructure investment proposal.
- A continued programme to improve knowledge of assets' condition, utilisation and performance.
- A focus on renewals to maintain existing levels of service, within an agreed risk environment – including a focus on increasing the resilience in all networks.
- Integration of planning tools to direct new growth where possible to areas with existing surplus capacity.
- Incentives to support increasing the use of existing community facilities.
- Integration of upgrade works with renewals to reduce cost and disruption.

Figure 1



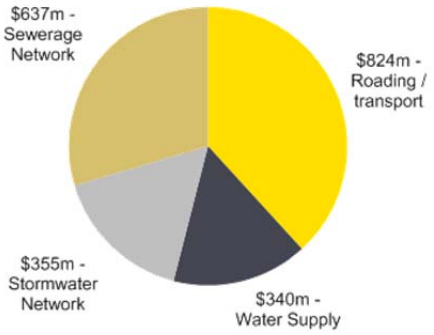
Strategy scope

This strategy recognises two groups of assets – network infrastructure and social infrastructure. This strategy focusses on these infrastructure assets. The Council also owns additional assets and delivers services that are not reliant on assets; these are not covered in this strategy. Our network and social infrastructure are made up of the below services:

Figure 2

Network infrastructure	Social Infrastructure
Roads / Transport	Libraries
Three Waters;	Community services
Water Supply	Community Health services
Wastewater	Parks and Open Spaces
Stormwater inc, Flood Protection	Corporate property
	City Housing
	Recreation services

Network infrastructure net book value as at 30 June 2014



NB: Detailed information of the make-up of individual asset groups is available in relevant service plans covering the above network and social infrastructure services (see the brief appendix at the end of this document for direction to these documents).

Major issues influencing our strategy

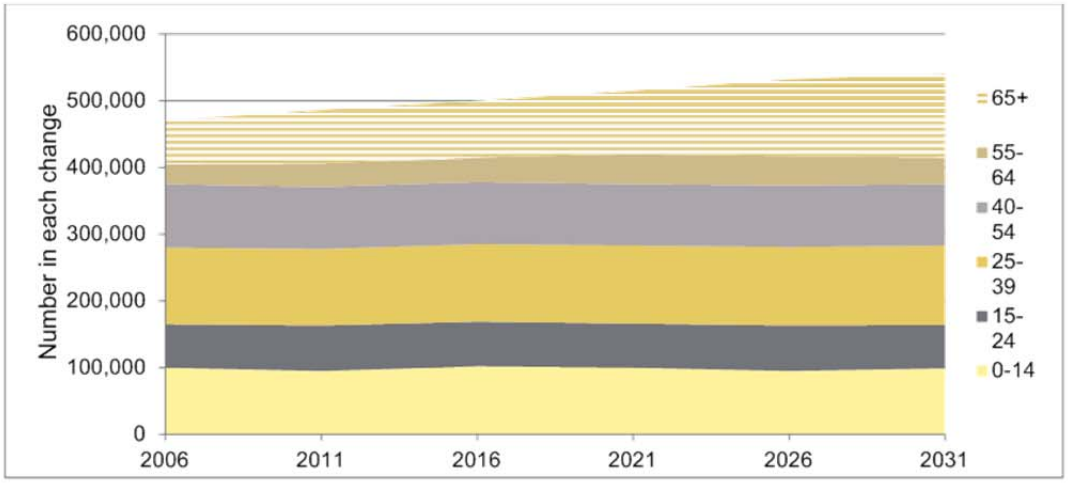
Population growth and demographics

We expect that the city will experience modest population growth over the next 30 years, similar to current and historic trends for the city (see figure 3 below). Beyond this period, population in New Zealand is expected to stabilise; Wellington (both the region and the city) is not expected to be materially different. Planning implications are being considered as part of the longer-term view of our long-life assets as part of any deliberations for investment.

The Council is considering investing in the city to promote economic growth. While we do not expect that growth in itself will place unpredictable demand on infrastructure services in the future, any significant population growth, will increase demand on services and infrastructure. We will regularly update service levels through annual plans in response to population growth beyond those currently forecast.

Changing demographic profile of the city over time:

Figure 3



Resilience and sustainability

The Council has a responsibility to manage its assets and services in a way that provides resilience and protection for the city. Wellington is particularly exposed to the risk of natural disasters. The main concern is earthquakes but we are also at risk of seve re weather events (such as big storms), as well as the longer-term effects of climate change (for example, sea-level rises).

A number of programmes looking at quantifying and measuring the impact of climate change on our infrastructure are under way, the additional data and information from these studies will inform future versions of the infrastructure strategy.

These initiatives support an ongoing programme of capital renewals that provide for improved resilience in our networks with a careful selection of material types and engineering design techniques. Critical assets have been treated with priority. This programme has been operating for more than a decade and will continue through the 2015 LTP, the 2015/45 30IS and beyond.

Community demand and affordability

Community expectations of Council services are continually increasing, while tolerance for cost increases, disruptions, and service failure is decreasing.

The Council will have an ongoing dialogue with the community through the annual and long-term plans about the levels of service it provides. This is to make sure it meets expectations, and any changes to service levels will take into account factors such as cost, the distribution of benefits and who pays.

Alongside current growth and demand considerations, asset capacity and utilisation (discussed below) are being carefully analysed against future demand. One of the key programmes of work is to understand where prior investments in infrastructure are underutilised in the current environment. District Plan planning rules and other key constructs (such as urban design) are being considered carefully as part of this analysis. Affordability, current and future, is another.

Regulatory requirements

Changing statutory requirements and national standards set by central government (for example, health and safety) can impact on how and to what level we deliver services. We will work with the government on changes to national standards that impact our infrastructure services and implement them in accordance with legislative requirements.

Overall approach

We will take a principled approach to how we manage our infrastructure portfolio. The following principles will guide our decision-making. In the last three years, and as a result of a number of decisions the Council resolved in the 2012 LTP, the Council has developed and implemented a vigorous data collection programme across all its infrastructure assets. The result is a specialised strategic asset management framework that uses analytics and evidenced-based decision-making tools to inform short, medium and long-term infrastructure investment decisions on behalf of the community. Experts from new disciplines (such as statisticians, mathematicians and actuaries) have been included alongside the more traditional engineering and financial disciplines to build robust forecasting models to inform the 2015 Long-term Plan and the 2015/45 30IS in the "big data" environments this entails. One of the key considerations has been a refocus on the "whole of life" costs and benefits of an asset and the services these provide.

Critical to these considerations has been the reconciliation of the depreciation expense (funding) against the forecast renewals (expense) across the whole of life of the Council's assets (although a 30-year timeframe is published in this strategy, the analytics are span 100 years). The financial principles that support this approach are clearly described in the Financial Strategy. The following are key general considerations that have supported this new approach and informed this strategy.

Fit for purpose

We will provide quality infrastructure that can deliver services in a manner that meets community expectations now and into the future; we will maintain and renew infrastructure and facilities in accordance with best practice.

Asset utilisation

We will improve our understanding of the capacity and utilisation of our assets. Where asset networks are under-utilised, we will develop strategies to increase utilisation to ensure maximum benefit is derived from our investment.

Strategic long-term view

We will continually scrutinise our asset performance with an eye on service outcomes and investment value, with a distinct focus on whole-of-life costs and long-term affordability. We will consider the long-term implications of investment in infrastructure and make sure the level of contribution from each generation is set at a fair and reasonable level.

Improved knowledge and data

We will continually increase the level of understanding of our assets to ensure maintenance and renewal programmes are optimally set. Quality information and data will enable us to accurately link the relationships between costs, benefits, and risks.

Coordinated

We will ensure infrastructure decisions are coordinated across the Council, its subsidiaries, other agencies and local councils in the region.

Resilient

We will work to ensure our infrastructure can deal with significant disruption as a result of natural hazards. We have a good understanding of the seismic risk to Council assets from earthquakes. We will continue to utilise technological advances to increase the resilience of assets we renew, and ensure the risk of financial loss resulting from earthquake events is prudently managed and reduced over time. We will increase our understanding of the impact of climate change on our infrastructure networks to improve management of our assets and guide future infrastructure investment.

Managed risk

We will comply with all legislation and national standards that apply to infrastructure and service provision.

Our assumptions

Underlying this strategy is a number of key assumptions. These assumptions have a specific and important influence on the picture this strategy builds for Wellington City and how the Council addresses any challenges and opportunities it highlights. These assumptions similarly inform the Financial Strategy. This strategy is based on the following assumptions.

Investment

Investment in civic infrastructure will be set at a level that retains existing levels of service and can meet demand from growth. The funding models that support the longer-term view of our infrastructure replacement and upgrade profiles demonstrate this is affordable over the next 30 years and beyond.

Population growth

The population increase through to 2043 is expected to be 246,693 (a movement of 46,273). Should economic growth be achieved above historic norms, population growth is likely to exceed this expected level. Population, if it follows current long-term projections for New Zealand generally, will likely remain static for the next 30 to 50 years.

Community demand

Community demand for improved social infrastructure services will generally only be made where there is a “gap” in our service offering, or where increasing service levels would retain our competitive advantage in that service in comparison to other cities.

National standards

Although the statutory environment for local government will evolve, the broad requirements for infrastructure will remain static.

Economic

The city's economic performance (in terms of performance as measured by GDP) will move from just below the national average to consistently above the average over the period of this strategy.

Forecasting assumptions

Over the past three years, there has been a substantial data collection programme across all core infrastructure assets (transport, water, wastewater, stormwater). This information has been used to determine asset value, asset life, and the forecast renewal programmes that are captured in the expenditure graphs, illustrated on the following pages. Our forecasting assumptions are based on deterministic modelling on available information on asset quantity, condition, life, and value to inform our depreciation and renewal programme.

This information tells us that our short-term asset renewal requirements are generally lower than we have budgeted for our renewals in the past.

We have maintained a prudent approach in continuing to fully fund depreciation where it is anticipated that the Council will be responsible for renewing the asset in the future. Also, we have mitigated the risk that there is a need for renewal expenditure over and above that determined by our model (for example to respond to urgent / emergency situations).

We have achieved this by additional capital funding capacity in years 2–10 of our LTP. This amount is equal to the difference between our renewal expenditure and depreciation over the first 3 years of our LTP.

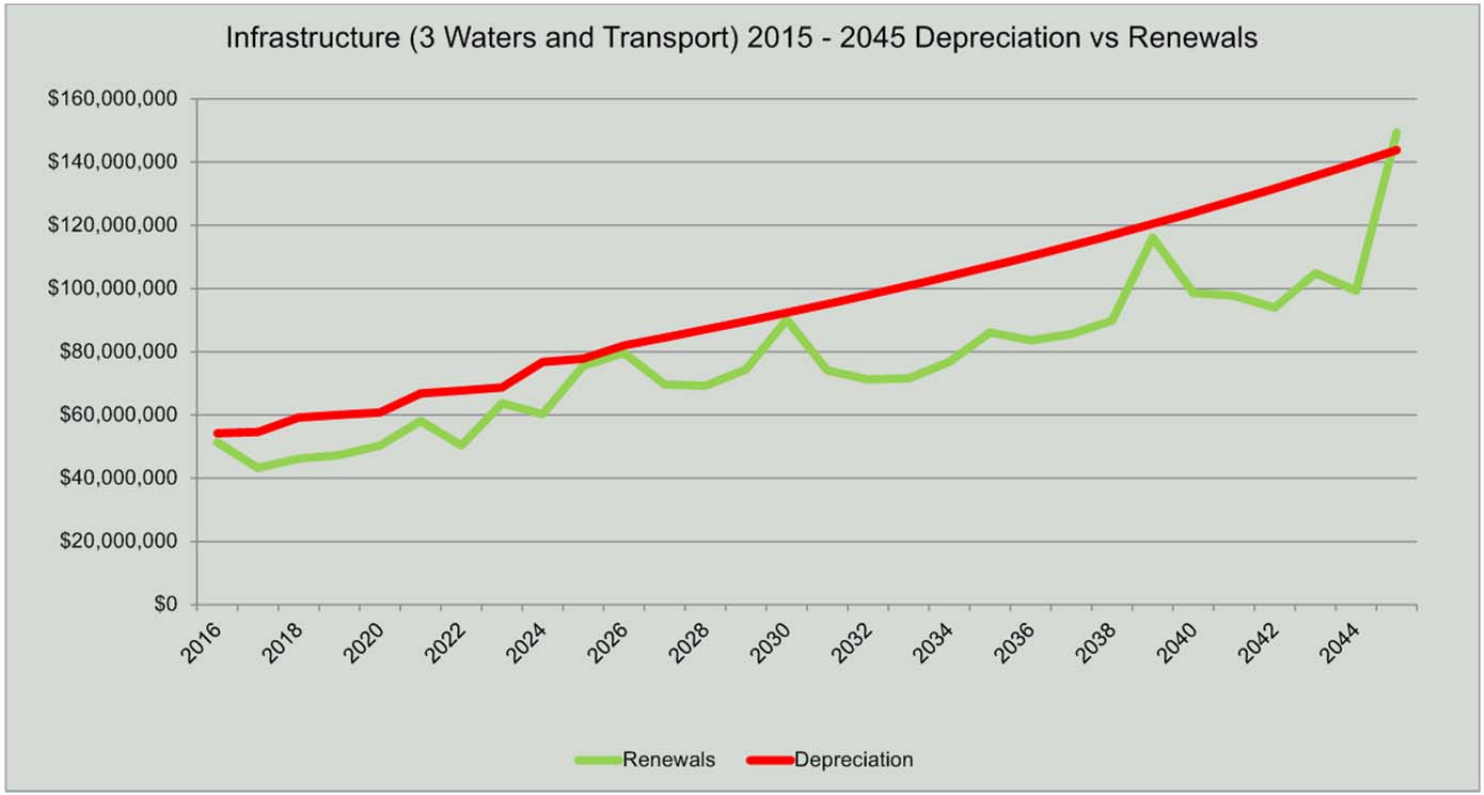
Part 2: Our infrastructure services

Network infrastructure (three waters and transport)

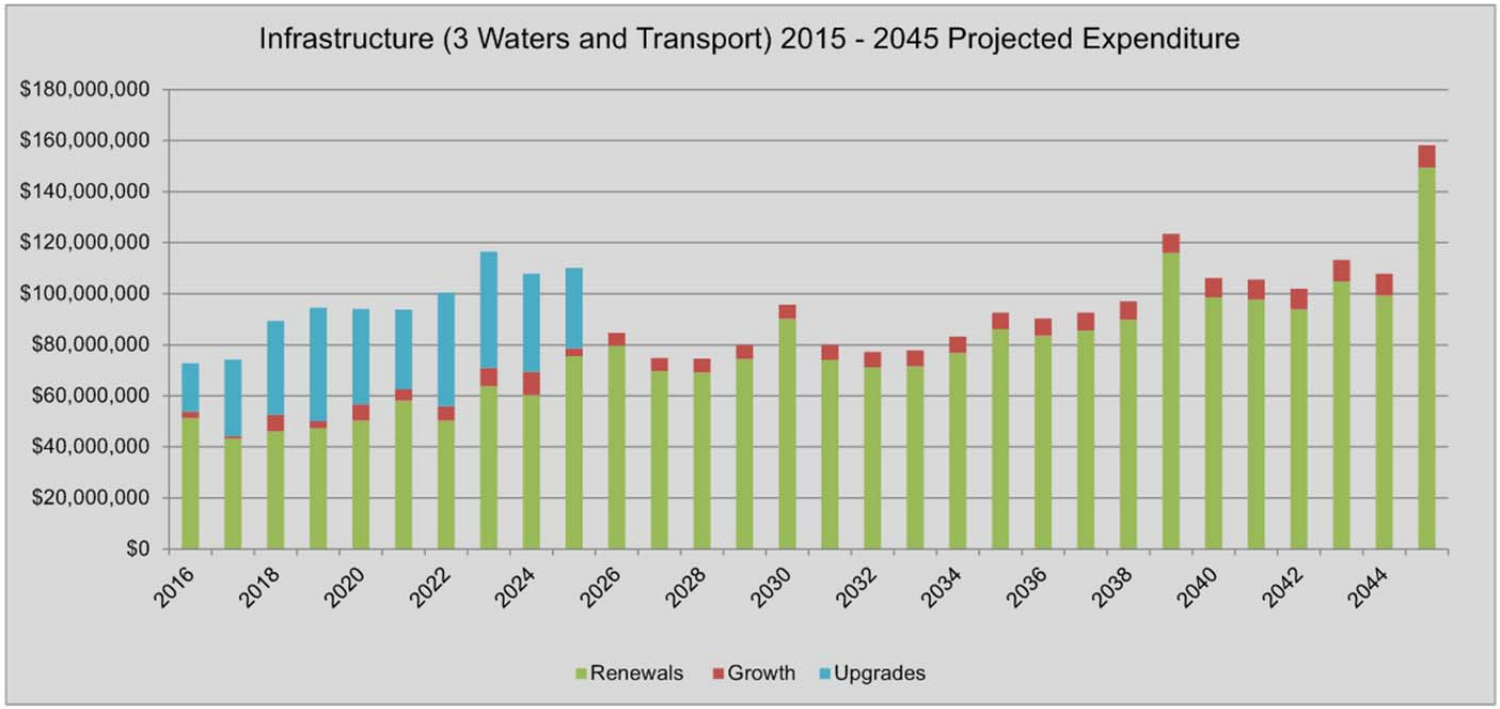
Infrastructure (Three Waters (Water Supply, Wastewater, Stormwater) and Transport) 2015 - 2045 Financials

Description	2016	2017	2018	2019 - 2025	LTP TOTAL	2026-30	2031-35	2036-40	2041-45	30 Year Financials
Operating expenditure	87,773,914	91,624,491	97,189,358	846,786,896	1,123,374,659	757,459,441	878,103,092	1,017,962,149	1,180,097,128	4,956,996,468
Stewardship [depreciation]	54,231,816	54,620,863	59,176,480	478,739,448	646,768,607	435,481,675	504,842,615	585,250,955	678,466,260	2,850,810,112
Income	(6,689,118)	(7,451,623)	(7,819,127)	(57,264,416)	(79,224,285)	(49,454,826)	(57,331,698)	(66,463,151)	(77,049,008)	(329,522,968)
Total Operating Projects	**135,316,611**	**138,793,732**	**148,546,710**	**1,268,261,927**	**1,690,918,981**	**1,143,486,289**	**1,325,614,009**	**1,536,749,953**	**1,781,514,380**	**7,478,283,612**
Capital Project Renewals	51,338,878	43,261,266	46,182,449	405,694,114	546,476,707	383,089,154	379,907,871	473,787,414	545,324,707	2,328,585,853
Capital Project Upgrades	18,977,948	30,102,199	36,809,524	272,691,097	358,580,768	-	-	-	-	358,580,768
Capital Projects Growth	2,521,880	926,060	6,383,039	38,819,428	48,650,407	26,604,037	30,841,370	35,753,601	41,448,222	183,297,637
Total Capital Projects	**72,838,705**	**74,289,525**	**89,375,012**	**717,204,639**	**953,707,882**	**409,693,191**	**410,749,241**	**509,541,015**	**586,772,929**	**2,870,464,258**
	-	-	-	-	-	-	-	-	-	-
Grand Total	**208,155,316**	**213,083,257**	**237,921,722**	**1,985,466,567**	**2,644,626,863**	**1,553,179,480**	**1,736,363,250**	**2,046,290,968**	**2,368,287,309**	10,348,747,870

The above table shows the projected operational and capital expenditure for 30 years for three waters and transport activity. This is followed by the projected expenditure in each subsequent 5-year period. This excludes capital upgrades for the remaining 20 years of the 30-year plan. The upgrades from years 11 to 30 are currently unplanned and unbudgeted.



The above graph shows the projected capital renewal expenditure and depreciation funding for 30 years of three waters and transport activity. The movement in renewals reflects the age and condition of the asset and its replacement cycle.



The above shows the projected capital renewal, growth and upgrade expenditure for the next 30 years. The upgrades from years 11 to 30 are currently unplanned and unbudgeted.

Transport

Summary

Our transport service is focussed on delivering safe, effective, and efficient movement of people and goods. This includes carriageways for private travel, public transport, and cycling and walking. As with all our core infrastructure services, we have a large inventory of physical assets and therefore a large funding requirement for operation, renewal, and development. The city has a sophisticated and complex transport network with a corresponding maturity in its operational and capital management programmes for delivering this network and service.

Transport infrastructure profile and level of service

Our transport infrastructure is in good condition, our levels of service are currently meeting the needs of the city, and these service levels are sustainable and affordable. Asset condition is assessed annually and whole-of-life investment decisions are made with regard to the information provided by these surveys. Our current operations and renewal programmes are adequate to sustain this level of service over the short and medium-term (a 10–30 year horizon). Details of levels of service can be found within the Transport Service Plan (refer appendix for details). The current levels of service are not expected to materially change. There will, however, be a focus from time to time on the types of initiatives outlined in that plan to meet shifting priorities and demands in the future as circumstances dictate.

Growth and demand

Growth and demand in the transport service is very closely aligned with population and economic growth, which are expected to moderately increase in the future. Demand is affected by behavioural changes (such as parents using cars to deliver their children to schools, or people choosing to use public transport versus drive a car, walk or cycle). Consequently, there are a number of capacity and utilisation projects under way to improve our understanding of the behaviour and use of the transportation network by its commuters. This includes projects that provide real-time traffic data and transport data by "mode". This is a key capability. It also forms the substantive backbone for the "sensing city" initiative that has been adopted by the Council. Growth in capital expenditure requirements are primarily in the areas of resilience, network infrastructure improvements identified in existing local and regional transport plans, and network improvements needed to unlock economic growth. This growth is catered for in the current capital development programmes of the service.

Major issues and risks

Issue/risk	Options to address issue/risk
Increasing congestion around the city, especially at peak times along major routes.	Close integration of the Council's network with planned investment by NZTA, particularly the Ngauranga to Airport corridor. Encourage change in mode choice.
Increased public expectations for multi-model transport options.	No new investment in PT and active modes. One-off investment in PT and active modes. Continuous investment in PT and active modes.
Competing demands for road space by different modes on very constrained road corridors.	Prioritisation of some routes for specific transport modes. Acquisition of wider road corridor on key routes.
Sea level rise impact on coastal roads.	Improve understanding of risk and timing.
Network resilience to earthquake risk.	Continuous network resilience improvements, prioritised on strategic routes.

Most likely scenario for service

Increased service levels are proposed in the continuous investment of improved provision of multi-modal infrastructure, with the inclusion of $74 million of capital investment over the next 10 years. The level of service in roading and streetscapes will be gradually increased with the expenditure of $112 million in urban development over the next 10 years. The operations and renewals programmes in place will adequately deliver this level of service sustainably over the medium and long-term.

Significant future decisions

Significant future decisions are subject to the Council's Policy on Significance. This is reviewed every 3 years with the LTP. Over the period of this strategy the Council will consider the following as part of this review.

- The development and maintenance of an increasingly resilient network.
- Maintaining sufficient flexibility in the network to be able to respond to changing transport mode choices.
- Integrating the Council's network with NZTA investments, particularly the Ngauranga to Airport, Transmission Gully and Petone to Grenada projects.

Financial commentary

The forecasts we have tell us that spending on the network over the next 100 years is relatively predictable and stable, and that forecasted actual costs are less than what is forecast in the current LTP. Most of the capital spending will be on roads, with a relatively high proportion of that spending going towards upgrades.

Infrastructure and financial profiles

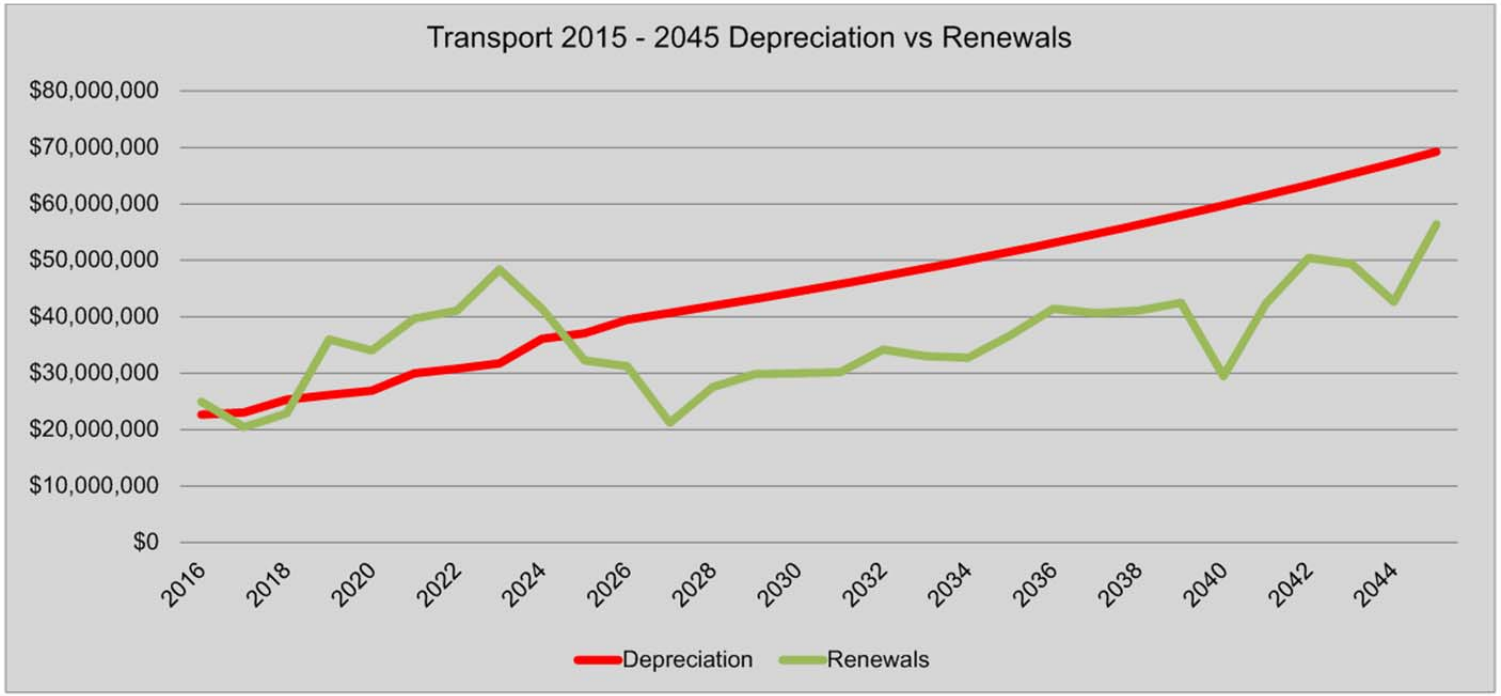
With the level of detail the Council now has at its disposal to interrogate the performance of its infrastructure assets, we can now have a high degree of confidence around that performance. The charts below clearly demonstrate the expected future financial commitments expected in each asset group.

Scenario / service cost

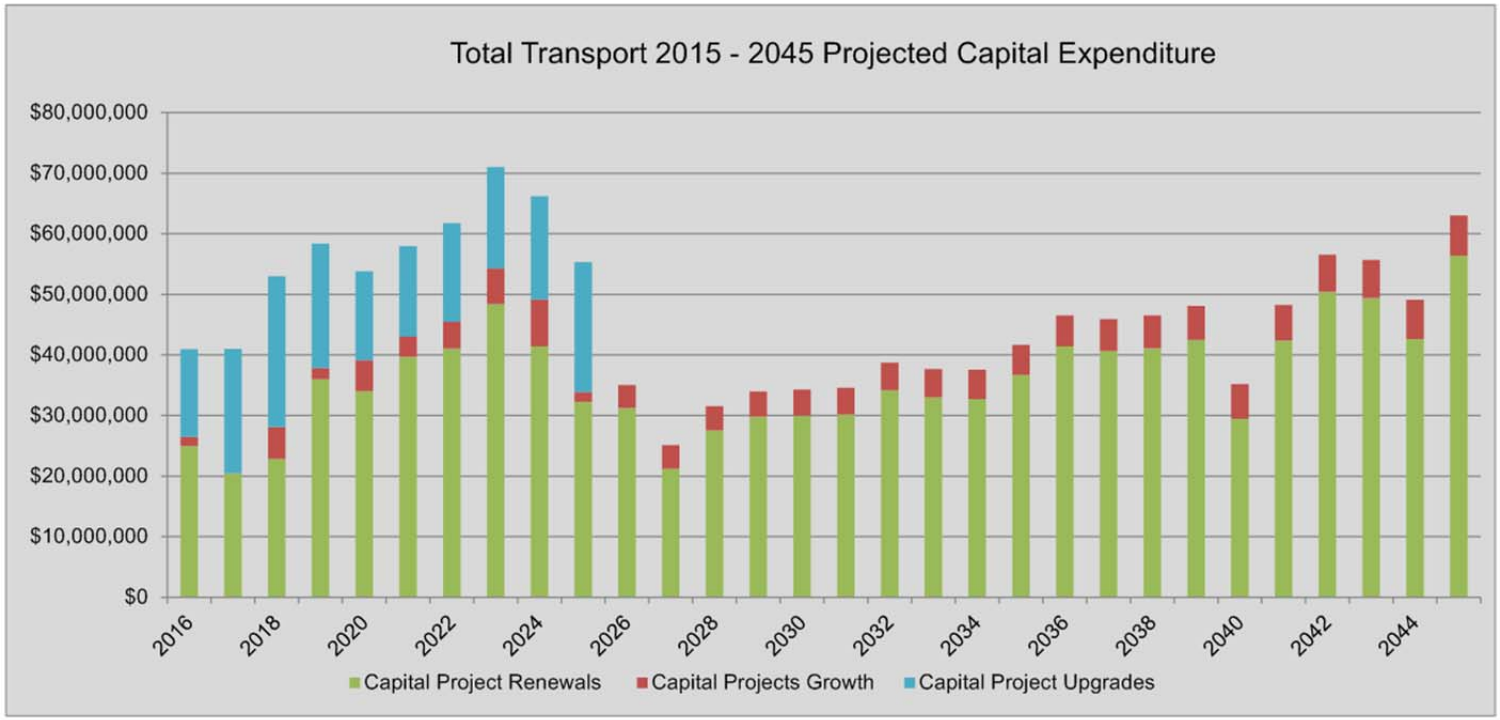
Transport 2015 – 2045 Financial Plan

Description	2016	2017	2018	2019 - 2025	LTP TOTAL	2026-30	2031-35	2036-40	2041-45	30 Year Financials
Operating expenditure	24,514,761	25,361,382	27,064,028	220,243,950	297,184,121	192,095,565	222,691,409	258,160,377	299,278,632	1,269,410,103
Stewardship [depreciation]	22,667,346	23,045,480	25,309,635	218,742,335	289,764,796	209,656,194	243,048,990	281,760,393	326,637,519	1,350,867,892
Income	(6,030,018)	(6,780,000)	(7,134,322)	(52,024,569)	(71,968,908)	(45,064,873)	(52,242,539)	(60,563,421)	(70,209,604)	(300,049,346)
Total Operating Projects	**41,152,090**	**41,626,862**	**45,239,341**	**386,961,716**	**514,980,009**	**356,686,886**	**413,497,860**	**479,357,348**	**555,706,546**	**2,320,228,650**
Capital Project Renewals	24,936,946	20,448,842	22,858,398	272,843,726	341,087,912	139,813,817	166,852,197	195,177,025	241,221,632	1,084,152,583
Capital Project Upgrades	14,435,237	20,558,652	24,874,777	121,633,928	181,502,595					181,502,595
Capital Projects Growth	1,579,516	-	5,260,176	30,037,633	36,877,326	20,166,033	23,377,960	27,101,462	31,418,023	138,940,804
Total Capital Projects	**40,951,699**	**41,007,495**	**52,993,351**	**424,515,288**	**559,467,833**	**159,979,850**	**190,230,156**	**222,278,487**	**272,639,654**	**1,404,595,981**
				-	-					
Grand Total	**82,103,789**	**82,634,357**	**98,232,692**	**811,477,003**	**1,074,447,842**	**516,666,737**	**603,728,016**	**701,635,836**	**828,346,201**	**3,724,824,631**

The above table shows the projected operational and capital expenditure for the 30 years of transport activity. This is followed by the projected expenditure in subsequent 5-year period. This excludes capital upgrades for the remaining 20 years of the 30-year plan. The upgrades from years 11 to 30 are currently unplanned and unbudgeted.



The above graph shows the projected capital renewal expenditure and depreciation funding for 30 years of transport activity. The movement in renewals reflect the age and condition of the asset and its replacement cycle.



The above shows the projected capital renewal, growth and upgrade expenditure for 30 years for transport activity. This excludes capital upgrades for the remaining 20 years of the 30-year plan. The upgrades from years 11 to 30 are currently unplanned and unbudgeted.

Stormwater

Summary

Our stormwater service provides protection from flooding and weather events, while minimising the adverse effects of stormwater discharges on the harbours, streams and other water bodies of the city. As with all our core infrastructure services, we have a large inventory of physical assets and therefore a large funding requirement for operation, renewal and development.

Stormwater infrastructure profile and level of service

While our stormwater infrastructure is in generally good condition, we know there are parts of the network where we are not meeting the current implied policy of providing flood protection to a 1 in 50 year severity event. Meeting this level of flood protection is not practical or financially sustainable. Our challenge over the next few years will be to model the stormwater catchments (hydraulic models), with the ability to examine them to a level of detail where we can make more informed capital investment and planning decisions in the future. In the meantime, we will be focussing on determining a city wide view of the at-risk areas where we will need to undertake stormwater improvements. For other parts of the city, we are addressing some known problem areas and we will continue to meet the level of service currently provided, generally protection to a 1 in 5 year severity event.

It is likely this work will also highlight the need for some rethinking of the current policy settings in stormwater – and in particular the levels of service the city might likely be able to provide into the future. Our approach will inform future discussions with our community. The stormwater service directly impacts coastal and freshwater quality around the city. While in general water quality standards are currently being met there are instances where this is not the case. A flagship blue-belt project focussing on water quality is one of a number of important initiatives proposed in the 2015–25 LTP.

Growth and demand

Incomplete data currently exists to accurately quantify future demand on the stormwater network. Effects of climate change are expected to lead to increased discharge into waterways and impacts on the network where capacity constraints already exist. Expenditure growth will focus on planning controls and targeted investments to address service shortfalls, areas with repeated flooding and improvements in data and the network.

Major issues and risks

Issue/risk	Options to address issue/risk
Data availability and confidence.	Comprehensive programme of data collection and data review.
There is a lack of clarity regarding the level of service (LoS) to be provided for flood protection – currently there is an implied LoS of protecting to a 1 in 50 year severity event but an actual service level provision is generally 1 in 5 year severity event.	Define the levels of service and protection the network is to provide.
Lack of understanding of the current level of flood protection provided and where.	Develop hydraulic models of the entire network.
There may be areas where due to the flood risk exposure that a LoS of protecting to a 1 in 50 year severity event is desirable. However, there are affordability issues associated with meeting this LoS.	Targeted improvements in network capacity. Use of planning controls and minimum floor levels.
We need to understand the risks from climate change impacts on the network and identify adaptation measures.	Use new hydraulic models to improve understanding of risk and timing.
We need to consider the effects on water quality from our stormwater discharges and the effects on the community.	Engagement with the whaitua committees through the process to set standards for water quality.

Most likely scenario for service

The most likely scenario, looking forward, will be:

- To maintain the level of service we are currently providing for flood protection (a 1 in 5 year severity event) – for 70 percent of the city.
- Targeting at-risk areas where flood protection needs to be provided to a 1 in 50 year severity event.
- To maintain the level of service we are currently providing for water quality – namely compliance with resource consents and maintaining appropriate standards of water quality and waterway health across Wellington City's coastal and river environments.

In order to achieve this, the Council needs to better understand the existing capacity of the network, where and to what extent we are providing flood protection to a 1 in 5 year severity event, and where the areas exposed to high flood risk are. Our hydraulic modelling projects will address this over the next three years; planning controls will also play an important and increasing role in reducing risk. There are some known problem areas and we propose progressive improvement in these areas whilst still advancing our understanding of city wide issues.

The water quality impacts of the network are also not well understood. The ongoing integrated catchment management planning work will identify targeted improvement opportunities, which will assist in meeting new standards set through the Greater Wellington Regional Council whaitua process.

Significant future decisions

Significant future decisions are subject to the Council's Policy on Significance. This is reviewed every 3 years with the LTP. Over the period of this strategy, the Council will consider the following as part of this review.

The funding and consenting impacts of water quality standards in the National Policy Statement on Freshwater Management and set through the Wellington regional plan review and whaitua processes.

The integration of land use and infrastructure development – identifying network upgrades and bringing forward renewals to support the Council's growth aspirations.

Identifying and funding those localised flood protection projects required to provide flood protection to a 1 in 50 year severity event in at risk areas.

Financial commentary

The charts that follow tell us that actual forecasted renewal costs will be less than budgeted for in the current LTP. In addition, spending fluctuates over the next 100 years with several spending spikes relating to the age and condition of the assets during that time, and most of the renewal and upgrade work is being undertaken around storm flood protection.

Infrastructure and financial profiles

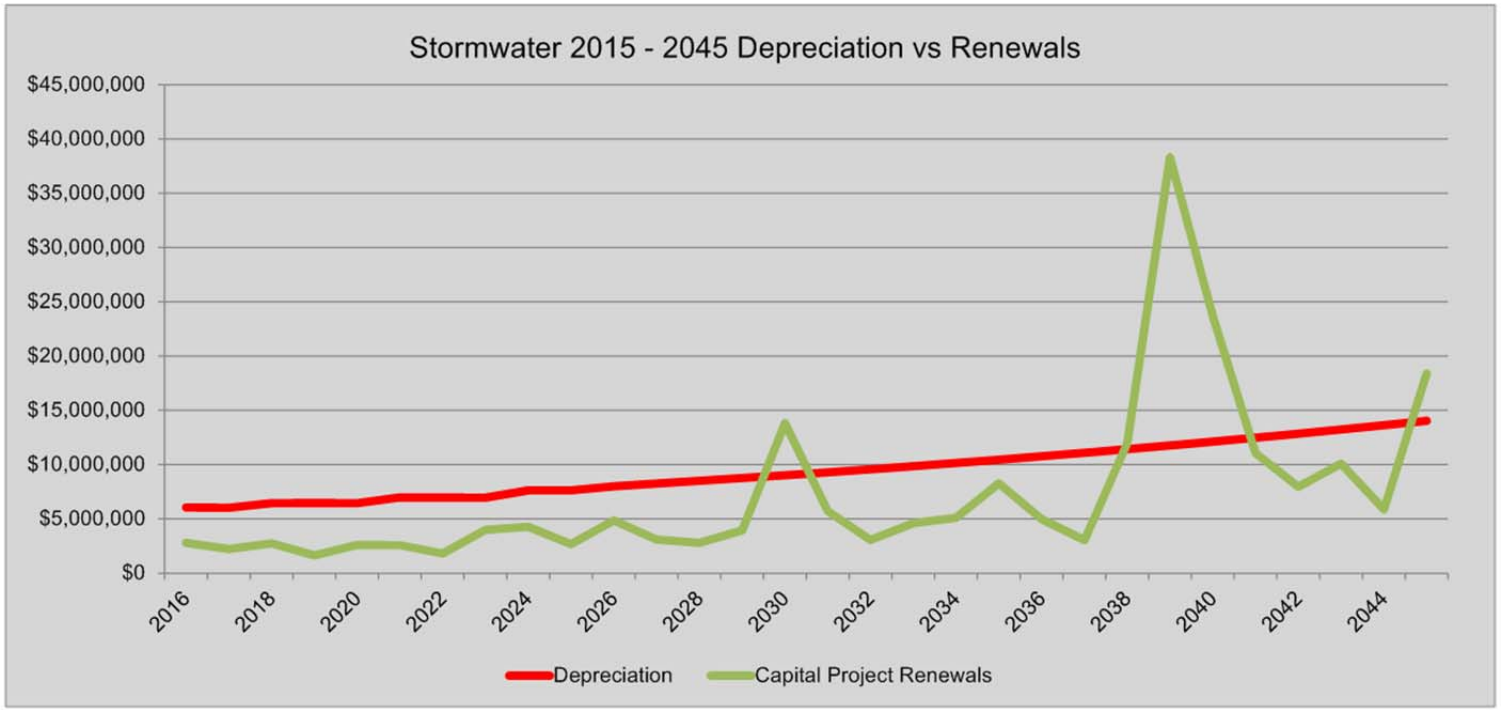
With the level of detail the Council now has at its disposal to interrogate the performance of its infrastructure assets, we can have a high degree of confidence around that performance. The charts below clearly demonstrate the expected future financial commitments expected in each asset group.

Scenario / service cost

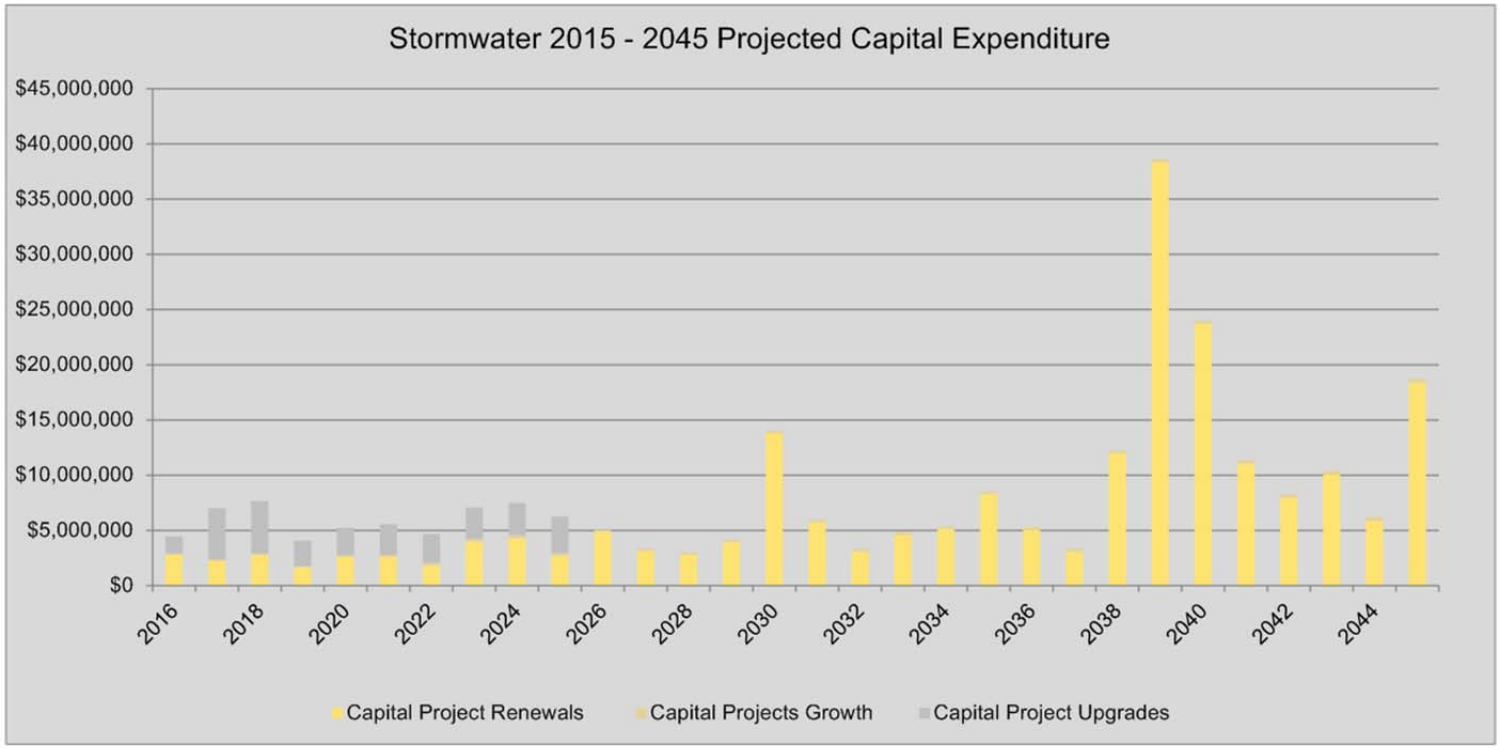
Stormwater 2015 - 2045 Financial Plan

Description	2016	2017	2018	2019 - 2025	LTP TOTAL	2026-30	2031-35	2036-40	2041-45	30 Year Financials
Operating expenditure	10,528,489	10,865,471	11,558,182	101,651,965	134,604,108	80,834,913	93,709,819	108,635,364	125,938,161	543,722,365
Stewardship [depreciation]	6,051,949	6,031,270	6,453,127	49,116,707	67,653,053	42,538,579	49,313,872	57,168,293	66,273,720	282,947,518
Income	(9,500)	(9,681)	(9,871)	(75,525)	(104,576)	(63,275)	(73,353)	(85,036)	(98,580)	(424,821)
Total Operating Projects	16,570,938	16,887,060	18,001,439	150,693,147	202,152,585	123,310,217	142,950,338	165,718,621	192,113,301	826,245,062
Capital Project Renewals	2,793,658	2,233,314	2,748,833	19,626,854	27,402,657	28,560,380	26,795,498	82,028,003	53,386,189	218,172,728
Capital Project Upgrades	1,514,871	4,641,154	4,753,723	19,163,380	30,073,127					30,073,127
Capital Projects Growth	146,588	145,891	149,366	1,558,743	2,000,589	1,094,004	1,268,250	1,470,250	1,704,423	7,537,516
Total Capital Projects	4,455,117	7,020,359	7,651,922	40,348,976	59,476,373	29,654,384	28,063,748	83,498,253	55,090,612	255,783,371
				-	-				-	-
Grand Total	21,026,055	23,907,419	25,653,361	191,042,124	261,628,958	152,964,602	171,014,086	249,216,874	247,203,913	1,082,028,433

The above table shows the projected operational and capital expenditure for the 30 years of stormwater activity. This is followed by the projected expenditure in subsequent 5-year periods. This excludes capital upgrades for the remaining 20 years of the 30-year plan. The upgrades from years 11 to 30 are currently unplanned and unbudgeted.



The above graph shows the projected capital renewal expenditure and depreciation funding for 30 years of stormwater activity. The movement in renewals reflects the age and condition of the asset and its replacement cycle.



The above shows the projected capital renewal, growth and upgrade expenditure for the 30 years of stormwater activity. This excludes capital upgrades for the remaining 20 years of the 30-year plan. The upgrades from years 11 to 30 are currently unplanned and unbudgeted.

Water Supply

Summary

Our water network provides the city with a cost-effective, safe and secure supply of potable water during normal conditions (on a day-to-day basis), along with supply of water during adverse conditions, such as after an earthquake or other natural disaster. The water supply network is large and complex, delivering 30 billion litres of water a year through the network. As with all our core infrastructure services, we have a large inventory of physical assets that require funding commitments for operation, renewal, and development.

The Council is working with other councils in the region to agree on a level of service for the provision of water during and after a major earthquake.

Water supply infrastructure profile and level of service

Our water supply infrastructure is in good condition and our levels of service are meeting the needs of the city. These service levels are sustainable and affordable. Our current operations, programmes, and financial commitments are adequate to sustain this level of service over the immediate and medium-term (being within a 10–30 year horizon). Where low-risk assets are efficiently used to full capacity, close monitoring will occur.

Growth and demand

While at a city-wide level we do not have a problem in meeting expected future demands on water supply, we expect to see increased demand in localised parts of the city. This will put pressure on the local network's ability to meet increased demand that will necessitate extra local storage. For example, the Hospital Prince of Wales reservoir proposed for construction over the 2018-25 period will cater for intensification of dwellings in the central city.

A more detailed evaluation of future demand and the development of a strategy to adequately meet this demand are required in the future.

Major issues and risks

Issue/risk	Options to address issue/risk
Data availability and confidence.	Comprehensive programme of data collection and data review.
Some areas experience low water pressure.	Progressive improvements concurrent with renewals projects.
Some areas do not comply with Fire Service Code of Practice.	Progressive improvements concurrent with renewals projects.
Reduction of water consumption and unaccounted for water.	Continued education programmes, coordinated regionally by Wellington Water.
Increasing demand from population and economic growth.	Continue with water conservation education to free up capacity. Additional local storage to respond to localised increases in demand.
Network resilience to earthquake risk.	Continue programme of increasing seismic resilience of existing reservoirs and network. Work with Wellington Water to improve bulk network resilience. Work with District Health Board to increase storage for the Hospital Increase treated water storage with construction of the Prince of Wales reservoir.
Continuity of supply during and after a seismic event.	Work with other councils to agree on a LoS for provision of water during and after a major earthquake. Implement a work programme to achieve this target.

Most likely scenario for service

The current level of service will be maintained and the operations and renewals programmes in place will adequately deliver this level of service sustainably over the medium and long-term. Reactive maintenance costs will be monitored closely. Efficiencies and economies of scale will be achieved from the Wellington Water merger, along with growth to match capacity and renewals requirements.

Innovation is likely to reduce renewal costs in the medium term

Aside from some spending spikes over the next 100 years, a relatively high proportion of the spending on renewing potable water pipes will be during the next 10-30 years (with a focus in the city's northern areas). In addition, forecasted actual costs will be less than what is budgeted for in the LTP.

We will work with other councils in the region to agree on a LoS for the provision of a water supply during and after a seismic event. This will then inform a work programme to achieve this target.

Significant future decisions

Significant future decisions are subject to the Council's Policy on Significance. This is reviewed every 3 years with the LTP. Over the period of this strategy, the Council will consider the following as part of this review.

Improvements associated with the development and maintenance of an increasingly resilient network.

- The integration of land use and infrastructure development – identifying network upgrades and bringing forward renewals to support Council's growth aspirations.

Financial commentary

The diagrams below tell us that, aside from some spending spikes over the next 100 years, a relatively high proportion of the spending on renewing potable water pipes will be during the next 10–20 years (with a focus in the city's northern areas). In addition, forecasted actual costs will be less than what is budgeted for in the LTP.

Infrastructure and financial profiles

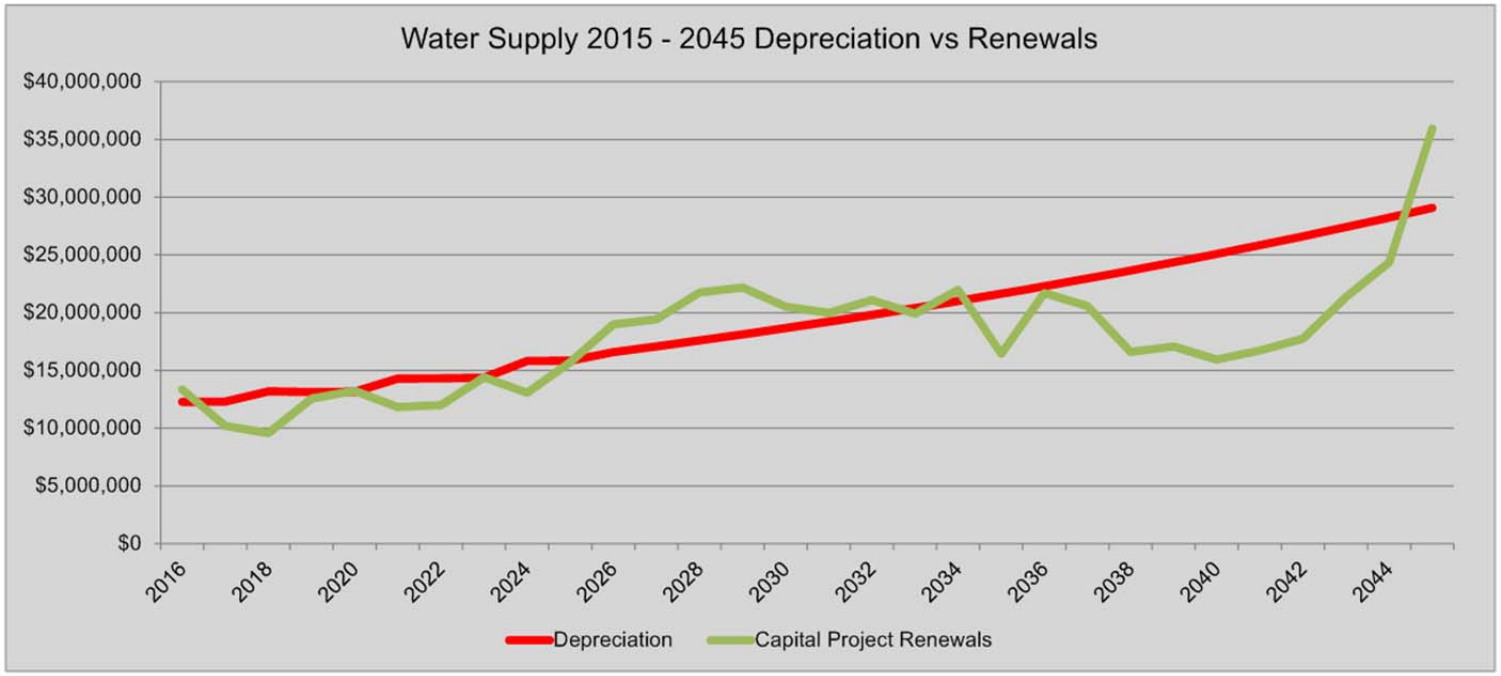
With the level of detail the Council now has at its disposal to interrogate the performance of its infrastructure assets, we can have a high degree of confidence around that performance. The charts below clearly demonstrate the expected future financial commitments expected in each asset group.

Scenario / service cost

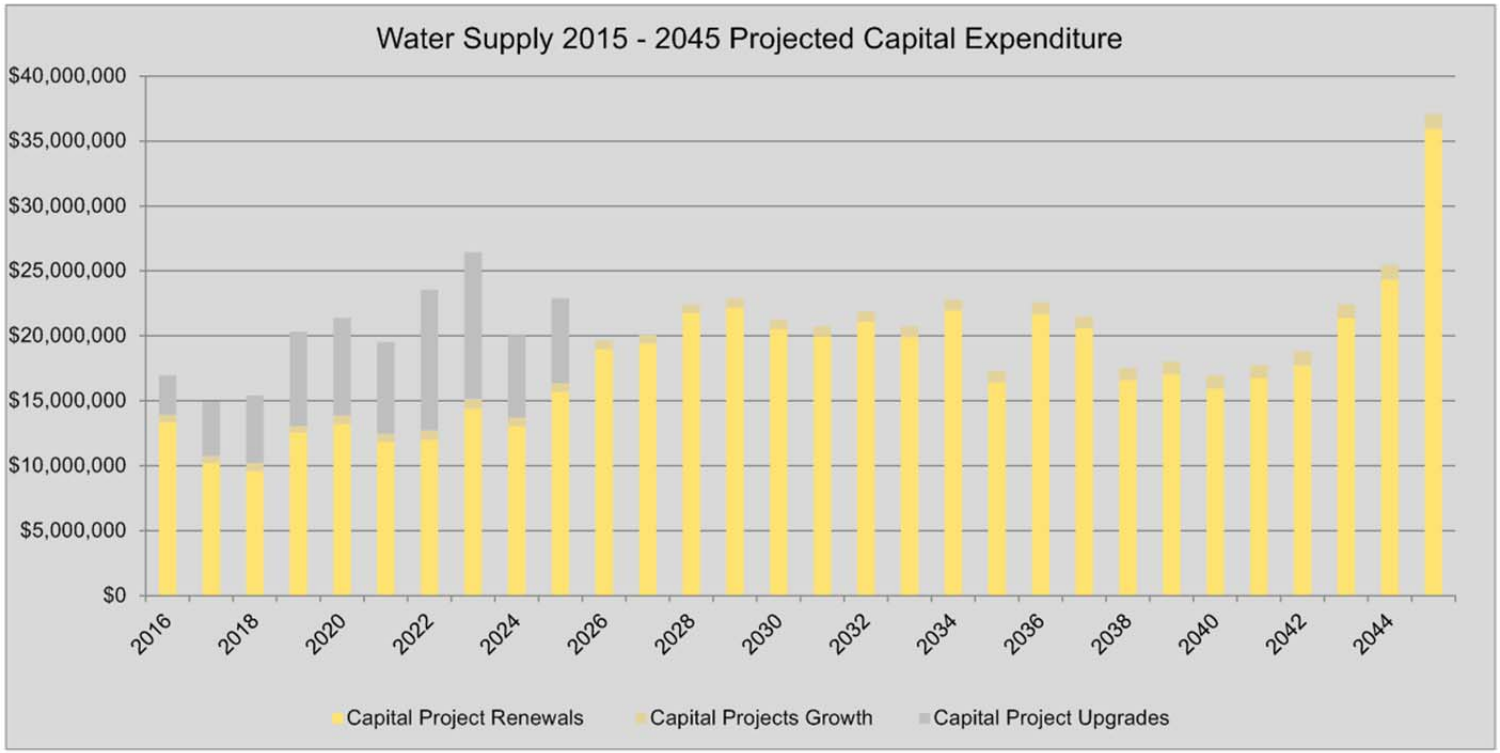
Water Supply 2015 - 2045 Financial Plan

Description	2016	2017	2018	2019 - 2025	LTP TOTAL	2026-30	2031-35	2036-40	2041-45	30 Year Financials
Operating expenditure	26,029,088	27,561,861	29,305,878	274,290,082	357,186,909	246,012,446	285,195,851	330,620,156	383,279,375	1,602,294,738
Stewardship [depreciation]	12,282,211	12,301,414	13,182,209	100,909,855	138,675,689	88,028,110	102,048,706	118,302,419	137,144,927	584,199,852
Income	(34,700)	(35,359)	(36,053)	(275,865)	(381,978)	(231,120)	(267,932)	(310,606)	(360,078)	(1,551,713)
Total Operating Projects	**38,276,600**	**39,827,916**	**42,452,033**	**374,924,072**	**495,480,621**	**333,809,436**	**386,976,625**	**448,611,969**	**520,064,225**	**2,184,942,877**
Capital Project Renewals	13,350,699	10,191,111	9,583,830	92,779,073	125,904,712	102,834,665	99,384,472	91,884,171	116,112,020	536,120,041
Capital Project Upgrades	3,029,513	4,196,858	5,175,237	56,757,310	69,158,918					69,158,918
Capital Projects Growth	570,980	546,936	651,211	4,600,427	6,369,554	3,483,133	4,037,906	4,681,040	5,426,608	23,998,240
Total Capital Projects	**16,951,192**	**14,934,904**	**15,410,278**	**154,136,810**	**201,433,184**	**106,317,798**	**103,422,378**	**96,565,211**	**121,538,628**	**629,277,199**
				-	-				-	-
Grand Total	**55,227,792**	**54,762,820**	**57,862,311**	**529,060,882**	**696,913,805**	**440,127,234**	**490,399,004**	**545,177,180**	**641,602,853**	**2,814,220,076**

The above table shows the projected operational and capital expenditure for 30 years of water supply activity. This is followed by the projected expenditure in subsequent 5-year periods. This excludes capital upgrades for the remaining 20 years of the 30-year plan. The upgrades from years 11 to 30 are currently unplanned and unbudgeted.



The above graph shows the projected capital renewal expenditure and depreciation funding for 30 years of water supply activity. The movement in renewals reflects the age and condition of the asset and its replacement cycle.



The above shows the projected capital renewal, growth and upgrade expenditure for the 30 years of water supply activity. This excludes capital upgrades for the remaining 20 years of the 30-year plan. The upgrades from year 11 to 30 are currently unplanned and unbudgeted.

Wastewater

Summary

Our wastewater service is focussed on providing the safe and reliable conveyance and treatment of wastewater. This incorporates the safe, efficient conveyance of wastewater from households and other properties to treatment plants and treatment that meets environmental and health standards. As with all our core infrastructure services, we have a large inventory of physical assets and therefore require funding commitments for operation, renewal and development. The wastewater network primary assets are pipes for conveyance and treatment plants. A flagship blue-belt project focussing on inflow, infiltration and the real-time monitoring of wastewater flows is one of a number of key initiatives in the 2015–25 LTP.

Wastewater infrastructure profile and levels of service

Our wastewater infrastructure is in good condition and our levels of service are meeting the needs of the city. These service levels are sustainable and affordable. Our current operations, programmes, and financial commitments are adequate to sustain this level of service over the immediate and medium-term (being within a 10–30 year horizon). Where low-risk assets are efficiently used to full capacity, close monitoring will occur. A high proportion of renewals work will be concentrated on fixing inflow and infiltration problems linked to pipe condition; a relatively high proportion of the money spent will be during the next 10–20 years.

Growth and demand

Demand increases are likely to come from northern parts of the city over the medium (10 to 30 years) to long-term (post 30 years) with particular implications for the capacity of the Porirua wastewater treatment plant (of which the Council owns 27.6 percent). Renewals requirements will ramp up between 8 and 20 years into the future.

Major issues and risks

Issue/risk	Options to address issue/risk
Data availability and confidence.	Comprehensive programme of data collection and data review.
Stormwater and groundwater ingress into the sewer network causing overflows to stormwater and water quality problems.	Use new hydraulic models to target intervention in both public and private networks. Install real-time monitoring system throughout network to proactively manage overflows.
Effects from hydrogen sulphide on the network.	Implementation of a monitoring plan and improvement works as required.
Existing network has capacity limitations.	Address stormwater and groundwater ingress. Progressive improvements concurrent with renewals projects. Use new hydraulic models to identify trunk network deficiencies.
New water quality standards and consenting requirements.	Introduction of the blue-belt project focussing on inflow, infiltration and the real-time monitoring of wastewater flows to reduce the impact on water quality.
Climate change impact on network.	Use new hydraulic models to improve understanding of risk and timing.
Increasing demand from population and economic growth – in particular the impact of growth from the northern suburbs on the Porirua wastewater treatment plant.	Work with Porirua City to increase Johnsonville treatment plant capacity to accommodate growth in northern growth areas.
Sludge disposal.	Investigations are under way to develop a regional solution to sludge disposal. There is likely to be capital implications, which will be included in the 2018–2021 LTP.

Most likely scenario for service

The current level of service will be maintained and the operations and renewals programmes in place will adequately deliver this level of service sustainably over the medium and long-term.

Significant future decisions

Significant future decisions are subject to the Council's Policy on Significance. This is reviewed every 3 years with the LTP. Over the period of this strategy, the Council will consider the following as part of this review:

- The funding and consenting impacts of water quality standards in the National Policy Statement on Freshwater Management and set through the Wellington regional plan review and whaitua processes.
- The integration of land use and infrastructure development – identifying network upgrades and bringing forward renewals to support the Council's growth aspirations.
- The development and maintenance of an increasingly resilient network.
- The delivery model the Council wishes to employ at the end of the current Clearwater Wellington Design / Build / Operate contract in 2020 for the Moa Point and Western (Karori) wastewater treatment plants.
- Options for reducing the impact of waste activated sludge on solid waste minimisation initiatives.

Financial commentary

The detailed information we have tells us, firstly, that forecasted actual costs over the next 100 years are very closely aligned with what is budgeted for in the LTP. It also shows that a high proportion of renewals work will be concentrated in the city's northern areas and that a relatively high proportion of the money spent will be during the next 10–20 years. Finally, all growth, upgrade, and renewal work will be focussed on safe transport of wastewater; and that spending on wastewater treatment is expected to be operational only.

Infrastructure and financial profiles

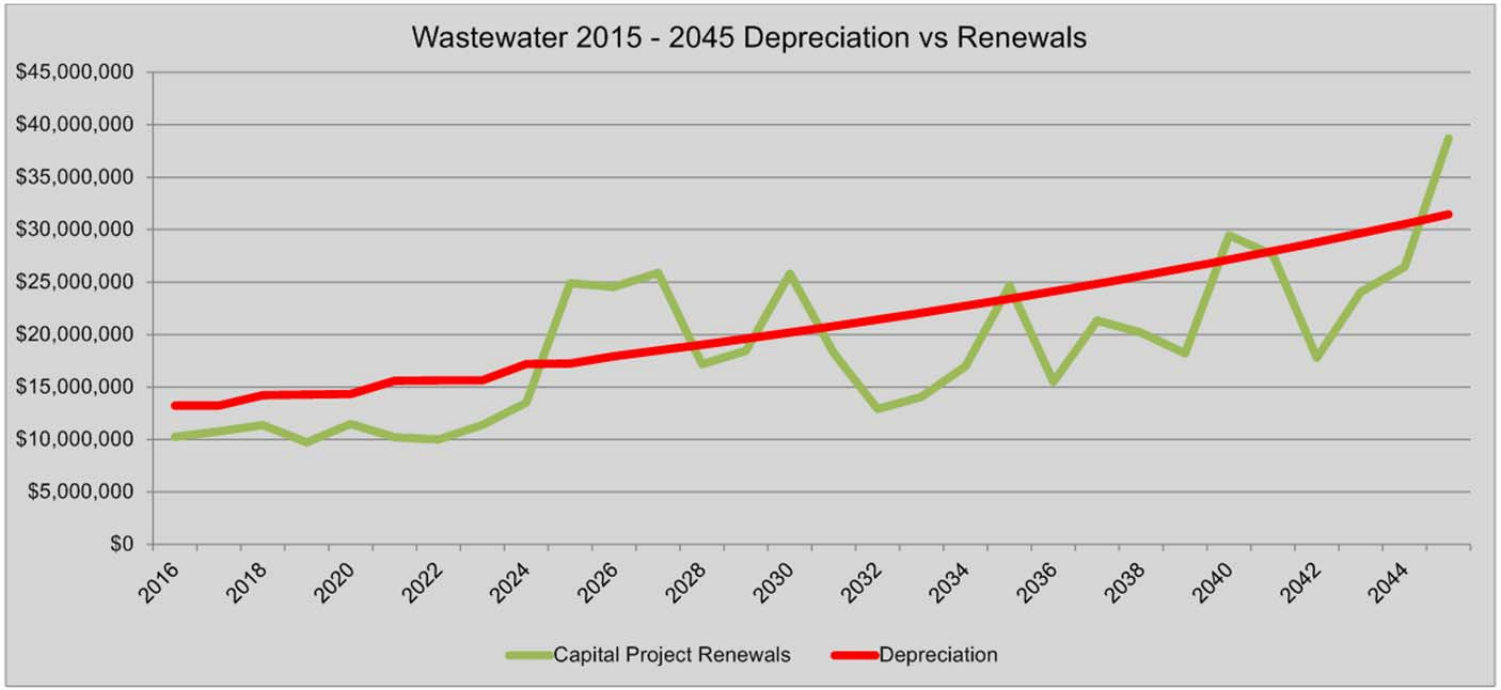
With the level of detail the Council now has at its disposal to interrogate the performance of its infrastructure assets, we can have a high degree of confidence around that performance. The charts below clearly demonstrate the expected future financial commitments expected in each asset group.

Scenario / service cost

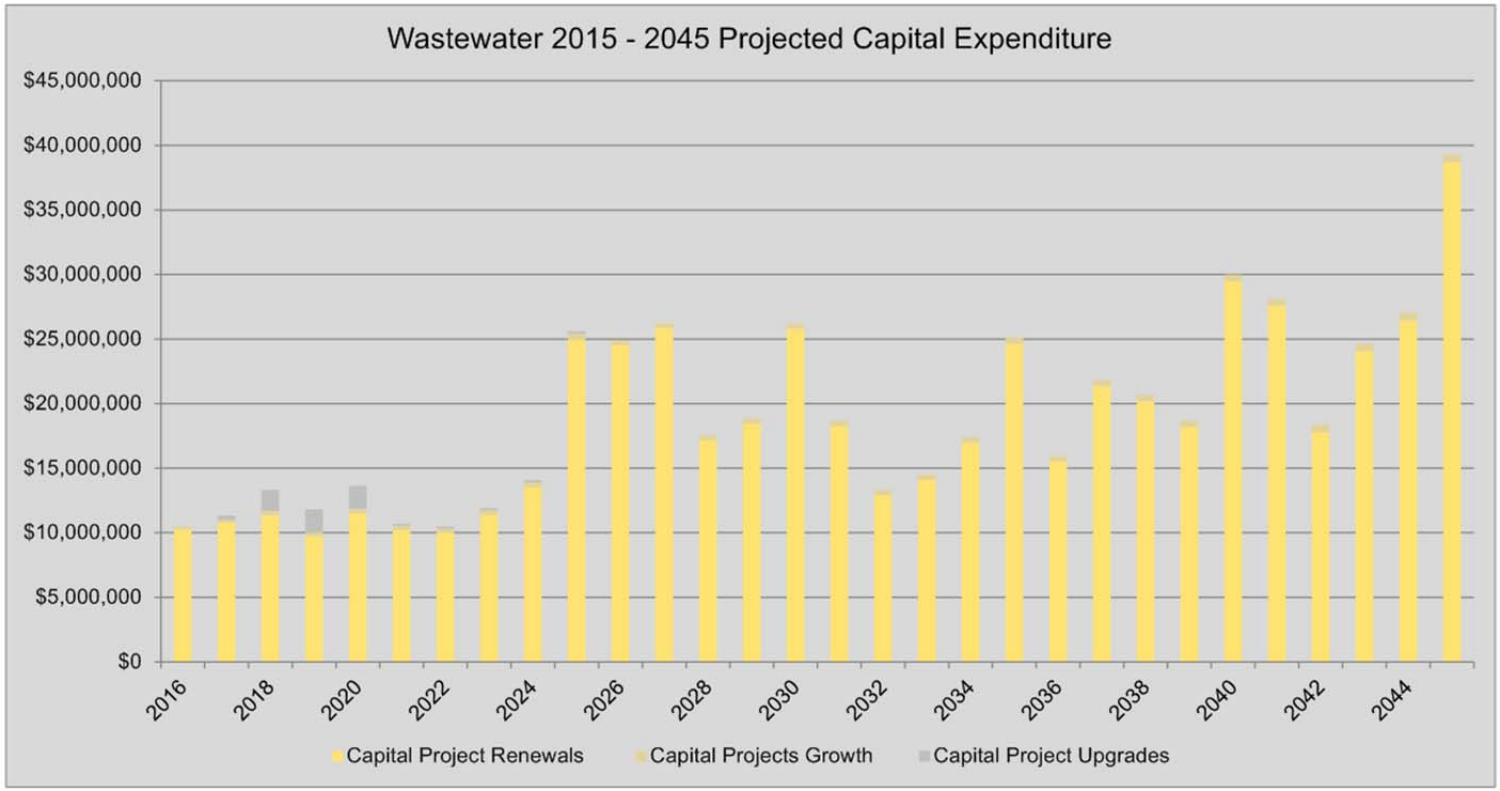
Wastewater Supply 2015 - 2045 Financial Plan

Description	2016	2017	2018	2019 - 2025	LTP TOTAL	2026-30	2031-35	2036-40	2041-45	30 Year Financials
Operating expenditure	26,701,575	27,835,777	29,261,270	250,600,899	334,399,520	238,516,516	276,506,013	320,546,252	371,600,960	1,541,569,262
Stewardship [depreciation]	13,230,309	13,242,700	14,231,509	109,970,551	150,675,069	95,258,791	110,431,047	128,019,850	148,410,093	632,794,850
Income	(614,900)	(626,583)	(638,881)	(4,888,458)	(6,768,823)	(4,095,558)	(4,747,874)	(5,504,087)	(6,380,746)	(27,497,089)
Total Operating Projects	**39,316,984**	**40,451,893**	**42,853,897**	**355,682,992**	**478,305,766**	**329,679,749**	**382,189,186**	**443,062,015**	**513,630,307**	**2,146,867,023**
Capital Project Renewals	10,257,575	10,779,959	11,380,464	91,262,915	123,680,913	111,880,292	86,875,704	104,698,215	134,604,866	561,739,990
Capital Project Upgrades	1,673	313,575	1,616,712	4,318,025	6,246,639					6,246,639
Capital Projects Growth	224,795	233,234	322,285	2,622,625	3,402,939	1,860,866	2,157,254	2,500,849	2,899,169	12,821,077
Total Capital Projects	**10,480,697**	**11,326,767**	**13,319,461**	**98,203,566**	**133,330,491**	**113,741,158**	**89,032,959**	**107,199,063**	**137,504,035**	**580,807,707**
				-	-				-	-
Grand Total	**49,797,681**	**51,778,661**	**56,173,358**	**453,886,558**	**611,636,257**	**443,420,908**	**471,222,145**	**550,261,078**	**651,134,342**	**2,727,674,730**

The above table shows the projected operational and capital expenditure for the 30 years of wastewater activity. This is followed by the projected expenditure in subsequent 5-year periods. This excludes capital upgrades for the remaining 20 years of the 30-year plan. The upgrades from years 11 to 30 are currently unplanned and unbudgeted.



The above graph shows the projected capital renewal expenditure and depreciation funding for 30 years of wastewater activity. The movement in renewals reflects the age and condition of the asset and its replacement cycle.



The above shows the projected capital renewal, growth and upgrade expenditure for the 30 years of wastewater activity. This excludes capital upgrades for the remaining 20 years of the 30-year plan. The upgrades from years 11 to 30 are currently unplanned and unbudgeted.

Social infrastructure

Legislation does not require the Council to include its Social Infrastructure in its 30IS. However, as part of its broader asset management strategy, the Council is working towards developing similar asset management information it now holds for its network infrastructure, which it will improve further over time. This will allow the Council to develop statistical modelling to inform its long-term renewal work programme in its social infrastructure. The following section summarises the Council's planned responses to asset management using a similar approach to that used in the network infrastructure. It includes service profile and level of service, growth and demand assumptions, issues and risks, and options to address risk. The social infrastructure included in the following section includes:

- Libraries and Community Services.
- Parks and Open Spaces.
- Recreation Services.
- Community Health Services.
- City Housing.
- Corporate Property.

Libraries and Community Services

Summary, profile and level of service

Libraries and Community Services incorporate the facilities and spaces used for library and community activities (including childcare centres and services). These facilities and services help educate, inform, and bring people together; they provide a platform to deliver the activities and services that contribute to strong communities, and provide for important functions within those communities. In our community infrastructure there is under-utilisation and in some geographical areas lack of alignment between the level of services. These services are intensive in the heavy use associated with physical assets (i.e. the properties and buildings). Currently, our levels of service are meeting the needs of the city, though in some cases demand exceeds capacity and in other areas there is under-utilisation of facilities.

Growth and demand

Growth in services will be driven predominantly by population growth, mainly in the northern and central areas of the city. Changes in demand will be aligned with changing demographics, community expectations, and the adoption of technological solutions for service provision. Aligning services with community expectations will likely determine demand growth, for example, the more technology is adopted, and the greater the demand will be for services.

Major issues and risks

Libraries

Issue/risk	Options to address issue/risk
Facilities not fit for purpose.	Rationalise and transform the network of buildings and develop as "hubs" to address the changing role of libraries. Work with local communities to transition parts of the current branch network to a more community-driven model for smaller libraries.
Cost of service provision. Current funding model is not sustainable.	Review Funding Policy. Rationalise and transform the network of buildings and develop as "hubs" to address the changing role of libraries. Work with local communities to transition parts of the current branch network to a more community-driven model for smaller libraries.
Managing customer expectations for digital services.	Continue working with aggregators and other library partners, for example the National Library, to expand digital offerings.

Community Services

Issue/risk	Options to address issue/risk
Facilities not fit for purpose.	Rationalise/divest. Explore options of decoupling service from old and not fit for purpose buildings. Look at opportunity to support further devolvement to community ownership and service delivery. Devolve service delivery to community groups. Partner with existing non-Council community venues and support service delivery through grants.
Cost of direct (Council) delivery of service	Continue to devolve service delivery to community groups and support through three contracts for services – from grants. Ensure support is in place to assist community groups to provide effective outcomes for their local communities. This includes use of technology.

Most likely scenario for service

In the short to medium term (5–10 years), the libraries' current services will grow as we face the challenge of transitioning to online communities, while at the same time we maintain our current physical services. Over the longer term of the 30IS, under-utilisation and capacity / demand alignment may drive changes in the delivery and level of the service. In the short to medium term (5–10 years) current services from community services/assets will transition to partnership arrangements to deliver hyper-local community driven programmes and services, as well as a move to further decoupling of services from Council-owned assets.

Significant future decisions

Over the period of this strategy, the Council will need to consider the following:

Libraries

- The number and location of physical service points.
- The funding model for library service.

Community Services

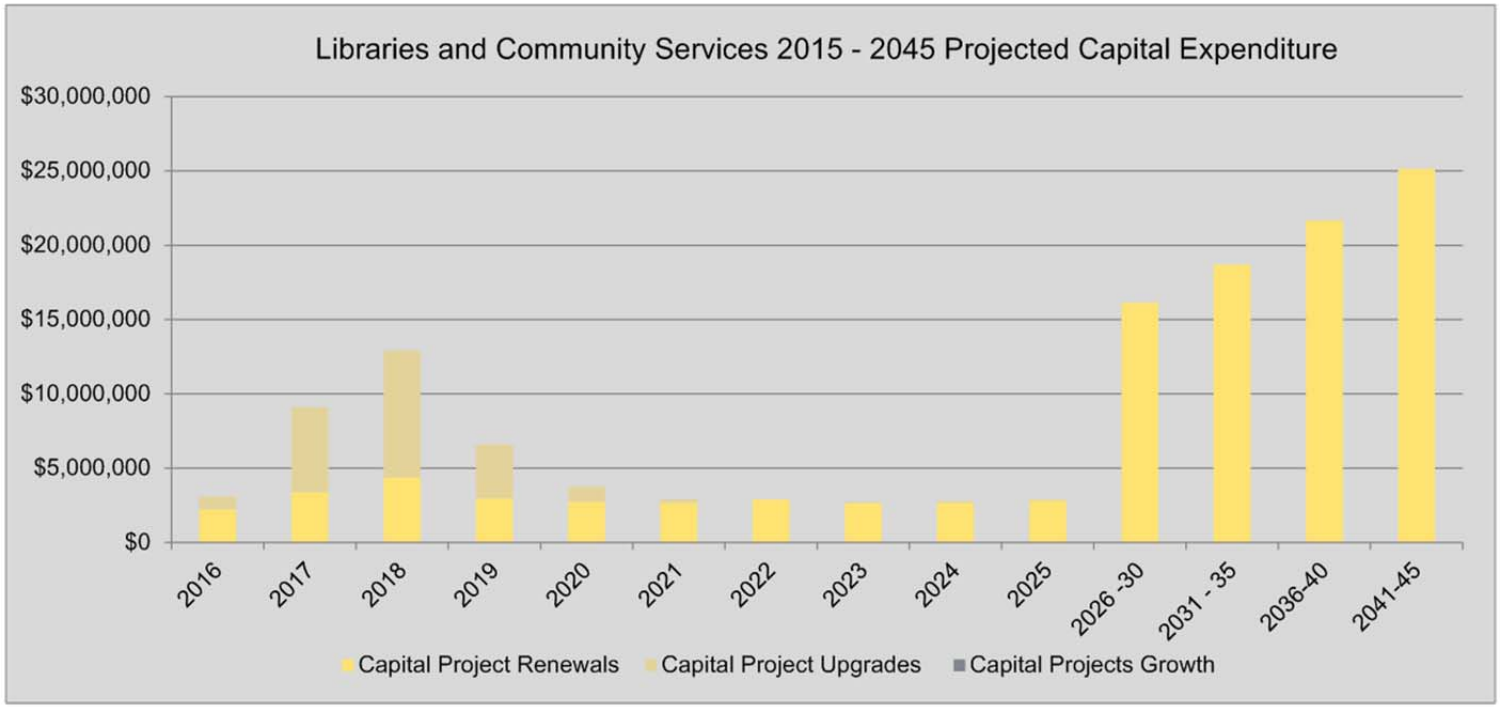
- As part of the community facilities review, a number of communities have been identified for facilities upgrades.
- Earthquake assessments have identified many buildings are not fit for purpose.

Scenario / service cost

Libraries and Community Services 2015 - 2045 Financial Plan

Description	2016	2017	2018	2019 - 2025	LTP TOTAL	2026-30	2031-35	2036-40	2041-45	30 Year Financials
Operating expenditure	19,987,296	20,736,884	21,443,734	167,508,923	229,676,836	135,074,955	156,588,893	181,529,444	210,442,378	913,312,505
Stewardship [depreciation]	3,694,551	4,481,085	5,007,786	44,404,253	57,587,676	33,126,322	38,402,486	44,519,007	51,609,731	225,245,222
Income	(1,714,966)	(1,611,497)	(1,523,441)	(9,854,732)	(14,704,636)	(7,699,942)	(8,926,343)	(10,348,078)	(11,996,258)	(53,675,256)
Total Operating Projects	**21,966,881**	**23,606,471**	**24,928,079**	**202,058,445**	**272,559,876**	**160,501,335**	**186,065,037**	**215,700,373**	**250,055,850**	**1,084,882,471**
Capital Project Renewals	2,245,276	3,395,500	4,374,279	19,476,751	29,491,806	16,127,328	18,695,993	21,673,780	25,125,852	111,114,759
Capital Project Upgrades	843,920	5,709,416	8,551,982	4,978,727	20,084,045					20,084,045
Capital Projects Growth	-	-	-	-	-					-
Total Capital Projects	**3,089,196**	**9,104,916**	**12,926,261**	**24,455,478**	**49,575,851**	**16,127,328**	**18,695,993**	**21,673,780**	**25,125,852**	**131,198,804**
				-	-					-
Grand Total	**25,056,076**	**32,711,387**	**37,854,340**	**193,031,920**	**322,135,726**	**176,628,663**	**204,761,030**	**237,374,154**	**275,181,702**	**1,216,081,275**

The above table shows the projected operational and capital expenditure for the 30 years for libraries activity. This is followed by the projected expenditure in subsequent 5-year periods. This excludes capital upgrades for the remaining 20 years of the 30-year plan. The upgrades from years 11 to 30 are currently unplanned and unbudgeted.



The above shows the projected capital renewal, growth, and upgrade expenditure for the 30 years of libraries activity. This is followed by the projected capital expenditure in subsequent 5-year period. This excludes capital upgrades for the remaining 20 years of the 30-year plan. The upgrades from years 11 to 30 are currently unplanned and unbudgeted.

Parks and Open Spaces

Summary, profile and level of service

Our parks and open spaces provide year-round opportunities for residents and visitors to access open space, recreation, and natural areas. The service comprises open spaces, botanic gardens, outdoor public arts, memorials, and playgrounds. Open spaces are managed in ways that balance conservation and enhancement with opportunities for enjoyment and recreation. Playgrounds give families and young people safe, accessible, and convenient places to play, while our public art and memorials make a significant contribution to the quality of public space and are often colourful expressions of the city's creativity.

Our parks and open spaces are in good condition, and our levels of service are meeting the needs of the city. The provision of open spaces is also supported by a strong network of volunteers, who advocate for and help maintain these areas. While in general levels of service are currently being met there are instances where this is not the case.

Growth and demand

Growth in the service is driven by increases in urban development and improvement, along with an increase in reserve estate assets though subdivision growth. Growth and demand are also influenced by recreational trends, for example dog exercise areas, walking, and mountain biking. Changing demographics will also influence how our customers will use the parks and open spaces and how we will respond to those needs, for example providing opportunities for an ageing population to access and enjoy the natural areas. Growth and demand, such as increasing public expectations for access, puts pressure on levels of service.

Major issues and risks

Issue/risk	Options to address issue/risk
Growing asset base due to development.	Plan for development areas to make sure levels of service are maintained. Reduce levels of service.
Intensified use of open space due to urban intensification and population growth.	Adapt spaces; prioritise use and service to respond to intensified use.
Climate change and weather events.	Improve understanding of risks and timing. Target improvements to key open space land and infrastructure.
Changes in recreation trends.	Engage with and understand our stakeholders to make sure we plan for current and future trends and patterns.

Most likely scenario for service

Due to development, growth in the use of our existing network and land asset base will mean we need to manage operational funding levels to maintain the current levels of service. We also need to make sure we have the ability to respond to effects of climate change, especially in coastal areas and as a result of storm events.

Significant future decisions

Over the period of this strategy, the Council will need to consider the following:

- The development and maintenance of an increasingly resilient network.
- Continuing investment in maintaining and improving biodiversity.
- Making sure the existing resources are managed in response to intensified use and changing demographics.

- Flexibility to respond to demographic and recreational changes.

Financial commentary

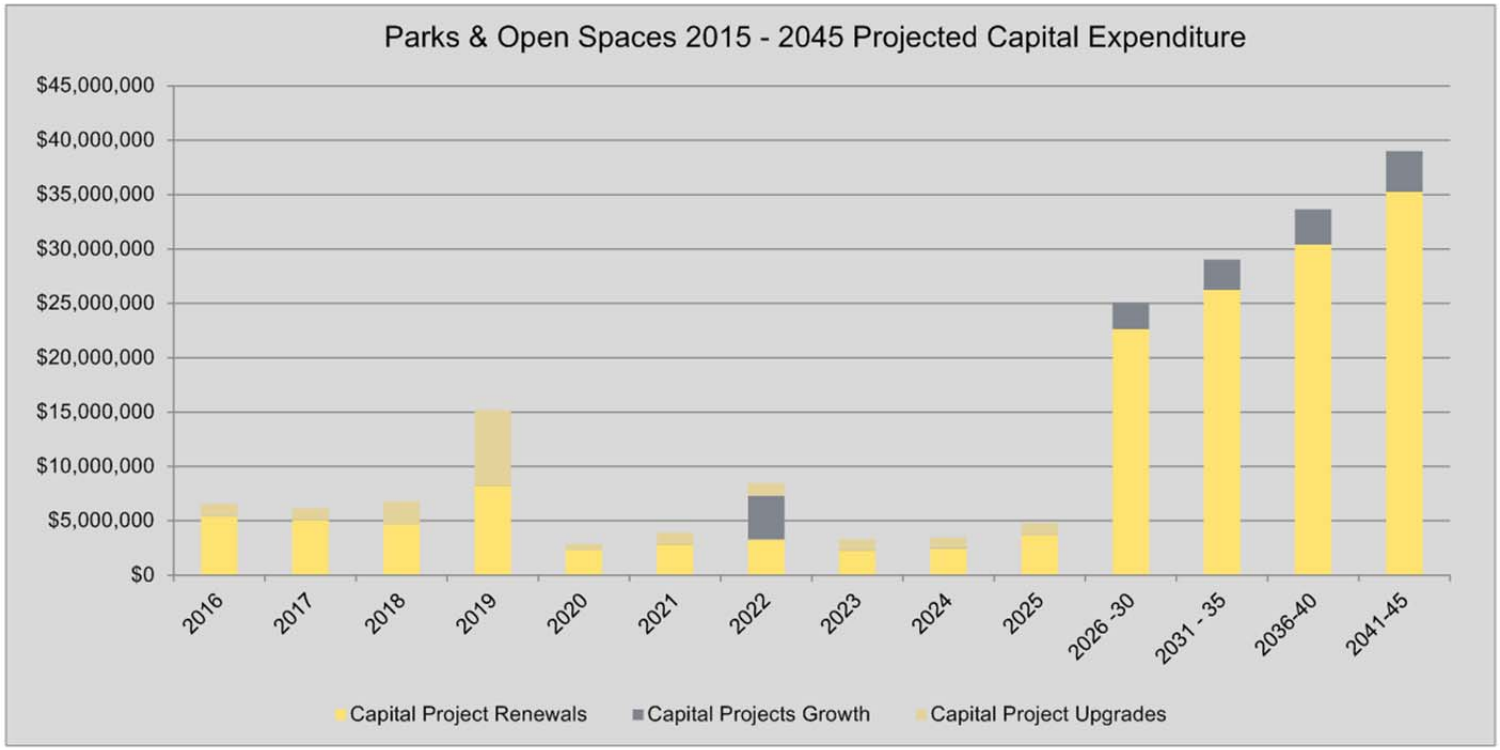
The renewals programme for this service is based on the National Asset Management Steering Group (NAMS) industry standards, combined with the Council's specific growth, demand, and environmental factors. The operation, maintenance, and renewal of this service is relatively predictable, and the Council will continue to implement optimised asset lifecycles to meet legislative and level of service requirements. The short to medium-term capital investment in the parks and open spaces will be partially funded by the Charles Plimmer Bequest; this includes the Wellington Botanic Garden Children's Garden, the proposed heritage park on Watts Peninsula, and various open space upgrades. A corresponding operation and maintenance programme has been funded mid to long-term to make sure the future growth of the asset base through new subdivisions and reserves agreements is managed, with provision to support to the increasing parks and open space volunteer base.

Scenario / service cost

Parks and Open Spaces 2015 - 2045 Financial Plan

Description	2016	2017	2018	2019 - 2025	LTP TOTAL	2026-30	2031-35	2036-40	2041-45	30 Year Financials
Operating expenditure	18,649,235	18,732,820	19,505,311	163,329,119	220,216,486	137,905,152	159,869,868	185,332,993	214,851,734	918,176,232
Stewardship [depreciation]	4,213,954	4,210,412	4,279,942	30,946,336	43,650,645	26,383,611	30,585,836	35,457,367	41,104,806	177,182,264
Income	(537,268)	(547,476)	(558,221)	(4,271,281)	(5,914,246)	(3,578,486)	(4,148,446)	(4,809,186)	(5,575,165)	(24,025,529)
Total Operating Projects	**22,325,921**	**22,395,756**	**23,227,032**	**190,004,175**	**257,952,884**	**160,710,277**	**186,307,258**	**215,981,174**	**250,381,375**	**1,071,332,967**
Capital Project Renewals	5,387,506	5,027,005	4,745,478	25,157,039	40,317,028	22,628,246	26,232,339	30,410,470	35,254,070	154,842,152
Capital Project Upgrades	1,151,445	1,108,289	1,984,167	12,581,271	16,825,172					16,825,172
Capital Projects Growth	34,332	35,178	36,062	4,284,212	4,389,784	2,400,514	2,782,853	3,226,089	3,739,922	16,539,162
Total Capital Projects	**6,573,284**	**6,170,472**	**6,765,706**	**42,022,521**	**61,531,983**	**25,028,759**	**29,015,192**	**33,636,560**	**38,993,992**	**188,206,485**
				-	-					-
Grand Total	**28,899,205**	**28,566,228**	**29,992,739**	**232,026,697**	**319,484,867**	**185,739,036**	**215,322,449**	**249,617,733**	**289,375,367**	**1,259,539,453**

The above table shows the projected operational and capital expenditure for the 30 years for parks and open spaces activity. This is followed by the projected expenditure in subsequent 5-year periods. This excludes capital upgrades for the remaining 20 years of the 30-year plan. The upgrades from years 11– 30 are currently unplanned and unbudgeted.



The above shows the projected capital renewal, growth and upgrade expenditure for the 30 years of parks and open spaces activity. This is followed by the projected capital expenditure in subsequent 5-year period. This excludes capital upgrades for the remaining 20 years of the 30-year plan. The upgrades from years 11– 30 are currently unplanned and unbudgeted.

Recreation Services

Summary, profile and level of service

Recreation Services – which includes swimming pools, recreation centres, sportsfields and marinas – provide a wide variety of accessible recreation opportunities throughout the city to enhance and encourage health, wellbeing, and quality of life. By providing a range of recreation facilities we also attract visitors, raise the city's profile and provide economic benefit by hosting national and international events.

Currently, our levels of service are meeting the needs of the city, though in some cases demand exceeds capacity, such as peak time availability of sportsfields training spaces, and in other areas there is under-utilisation of services, for example daytime use of some facilities, such as recreation centres and swimming pools. The physical asset inventory used to provision recreation is generally in good condition, and we will continue to optimise the investment we have made in assets to provide sustainable networks of facilities. This includes making sure we respond and plan accordingly where operational costs for assets are rising, such as for natural turf sportsfields, and also consider future options for unviable assets.

Growth and demand

Service growth will broadly be driven by population growth and demographic changes in areas of the city. Overall service growth is expected to be modest and in line with moderate changes over time in population and demographics. Demand changes for recreation services can be more challenging to understand as they are driven by changing leisure and recreational trends, which can include the demand for casual and informal sporting and recreational activities. Changing demographics will also influence how our customers will use recreation services and how we will respond to those needs, for example providing recreational opportunities for an active ageing population. Increasing community and elite sport expectations also puts pressure on levels of service.

Major issues and risks

Issue/risk	Options to address issue/risk
Impact on the sportsfield network and facilities from NZTA projects e.g. SH1 Ruahine Street Airport Corridor (Kilbirnie Park, Hataitai Park), and Petone / Grenada Link Road (Grenada North Park).	Work with NZTA to continue to provide a sustainable network of sportsfield facilities.
Viability and purpose of some facilities and services.	Explore and implement long-term sustainable options for facilities and services.
Increasing and changing demands from customers and stakeholders, including increasing expectations from community and elite sports.	Work closely with customers and stakeholders and make sure planning is undertaken in a regional context where appropriate.
Utilisation and revenue of recreation services.	Maintain utilisation and revenue through the provision of relevant and attractive facilities to customers.
Climate change impact on marinas.	Target improvements to infrastructure.
Built recreation network resilience to earthquake risk.	Continuous network resilience improvements, prioritised and aligned with 5-yearly maintenance closures.

Most likely scenario for service

In general, the short to medium-term current service levels will be maintained, with some longer term decisions around viability of assets and variations to service required. Decisions about utilisation, capacity, and requirements for further investment in some services may provide for variations in service levels over the medium to long-term.

Significant future decisions

Over the period of this strategy, the Council will need to consider the following:

- The development and maintenance of an increasingly resilient network.
- Continuing investment in maintain and improving revenue and utilisation.
- Ensuring the existing resources are managed in response to changing recreational trends and uses.

Financial commentary

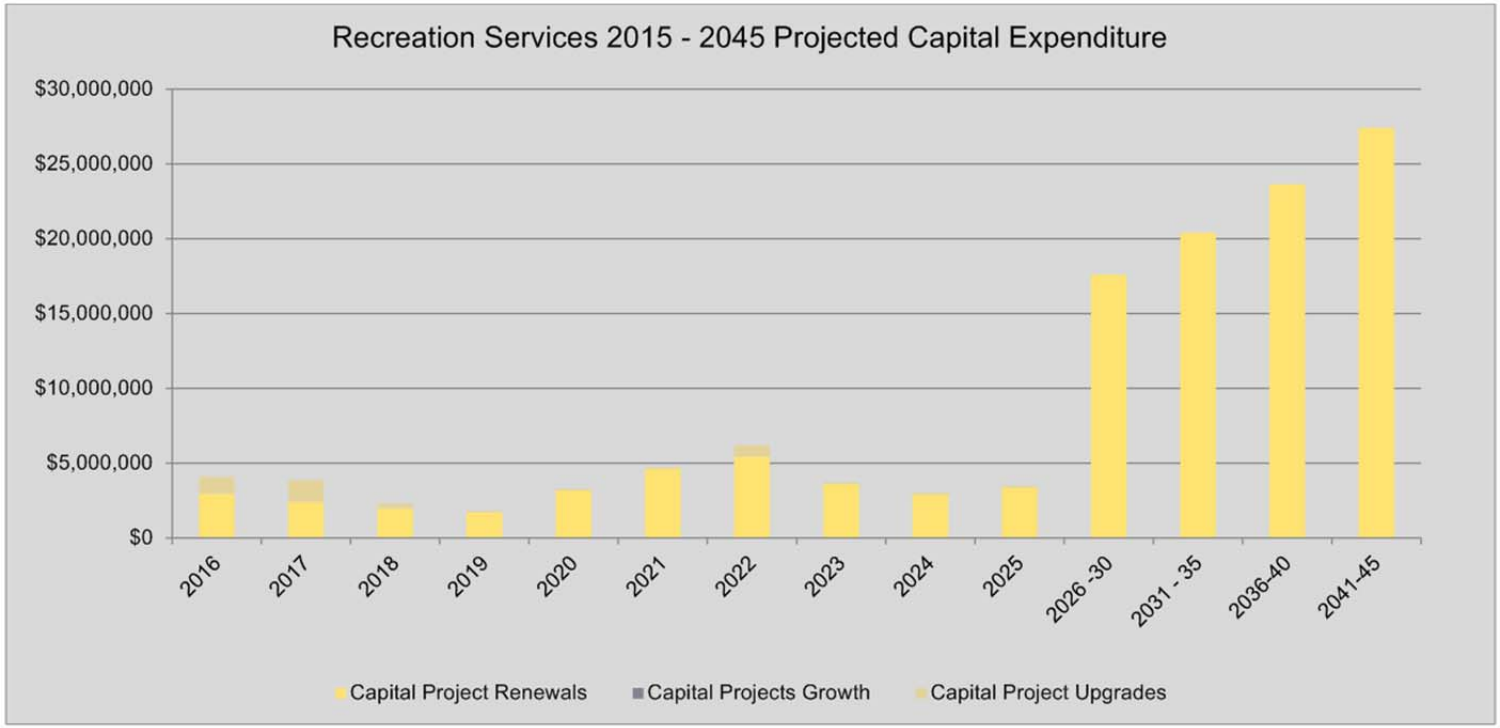
The renewals programme for this service is based on the National Asset Management Steering Group (NAMS) industry standards, combined with the Council's specific growth, demand, and environmental factors. The operation, maintenance, and renewal of this service is relatively predictable, and the Council will continue to implement optimised asset lifecycles to meet legislative and level of service requirements. The capital investment programme in the sportsfields network will be subject to ongoing regional planning requirements, with a corresponding operation and maintenance programme required to ensure the lifecycle of these capital investments are optimised. Implementing long-term sustainable options for facilities providing this service will include exploring other options for use based on growth and demand in leisure and recreational activities.

Scenario / service cost

Recreation Services 2015 - 2045 Financial Plan

Description	2016	2017	2018	2019 - 2025	LTP TOTAL	2026-30	2031-35	2036-40	2041-45	30 Year Financials
Operating expenditure	29,220,440	29,902,361	30,587,254	237,120,900	326,830,955	192,518,404	223,181,594	258,728,636	299,937,400	1,301,196,989
Stewardship [depreciation]	6,865,097	6,899,655	6,359,585	44,152,828	64,277,164	36,779,312	42,637,303	49,428,320	57,300,970	250,423,071
Income	(11,481,303)	(11,780,360)	(11,933,812)	(91,580,590)	(126,776,065)	(77,476,639)	(89,816,659)	(104,122,125)	(120,706,080)	(518,897,568)
Total Operating Projects	**24,604,233**	**25,021,656**	**25,013,027**	**189,693,138**	**264,332,055**	**151,821,077**	**176,002,238**	**204,034,832**	**236,532,290**	**1,032,722,491**
Capital Project Renewals	2,967,628	2,407,950	1,976,078	24,811,072	32,162,728	17,587,898	20,389,194	23,636,664	27,401,372	121,177,857
Capital Project Upgrades	1,126,203	1,465,862	325,381	1,316,462	4,233,908					4,233,908
Capital Projects Growth	-	-	-	-	-	-	-	-	-	-
Total Capital Projects	**4,093,832**	**3,873,812**	**2,301,459**	**26,127,534**	**36,396,637**	**17,587,898**	**20,389,194**	**23,636,664**	**27,401,372**	**125,411,765**
				-	-					-
Grand Total	**28,698,065**	**28,895,468**	**27,314,486**	**215,820,672**	**300,728,691**	**169,408,975**	**196,391,432**	**227,671,496**	**263,933,662**	**1,158,134,256**

The above table shows the projected operational and capital expenditure for the 30 years of recreation services activity. This is followed by the projected expenditure in subsequent 5-year periods. This excludes capital upgrades for the remaining 20 years of the 30-year plan. The upgrades from years 11–30 are currently unplanned and unbudgeted.



The above shows the projected capital renewal, growth, and upgrade expenditure for the 30 years of recreation services activity. This is followed by the projected capital expenditure in subsequent 5-year period. This excludes capital upgrades for the remaining 20 years of the 30-year plan. The upgrades from years 11–30 are currently unplanned and unbudgeted.

Community Health Services

Summary, profile and level of service

Community health services support the health and safety of the city's communities, and also provide for dignified bereavement and resting places. The service comprises public toilets, pavilions, cemeteries, and crematorium services. By providing these services, the Council meets its legislative and policy obligations (such as the Local Government Act (2002) and the Assessment of Water and Sanitary Services (2005) Policy) and reduces public health and environmental risks.

Our public toilets infrastructure currently provides a level of service that is adequate for the city. To ensure the Council continues to meet its legislative requirements (Burial and Cremation Act 1964 – Part 1; section 4) it will continue to invest in cemetery infrastructure to ensure future development requirements are achievable.

Growth and demand

Growth in public toilets and burial and cremation services is closely linked to population, demographic changes, and urban growth. It is expected that service growth will closely match these changes. Demand for particular services can be influenced by changes in trends, for example more people choosing to be cremated, with the public toilet network responding to meet the configuration and growth of the city. Growth and demand, such as increasing public expectations for access, puts pressure on levels of service.

Major issues and risks

Issue/risk	Options to address issue/risk
Cemeteries that will reach capacity in the medium-term of our 30-year horizon.	Makara Cemetery will be required to expand into available flat land to continue to meet the demand for burials. Invest in infrastructure upgrades at Makara Cemetery to ensure future development requirements are achievable.
Cremation services infrastructure that has reached the end of its service life.	We are undertaking a business case to re-invest in crematorium plant examining the return on investment, impact on our funding policy, and key risks and benefits to retaining this level of service. Private provision of service.

Most likely scenario for service

Current public toilet levels of service will be maintained, though urban growth and intensification will put pressure on maintaining this level of service over the medium-term. Burials and cremations infrastructure requires development and renewal to achieve a level of service that meets legislative requirements and community expectations.

Significant future decisions

Over the period of this strategy, the Council will need to consider the following:

- The development and maintenance of an increasingly resilient network.
- Continuing investment to ensure legislative requirements are met.
- Ensuring the existing resources are managed in response to intensified use and changing demographics.

Financial commentary

The renewals programme for this service is based on the National Asset Management Steering Group (NAMS) industry standards, combined with the Council's specific growth, demand, and

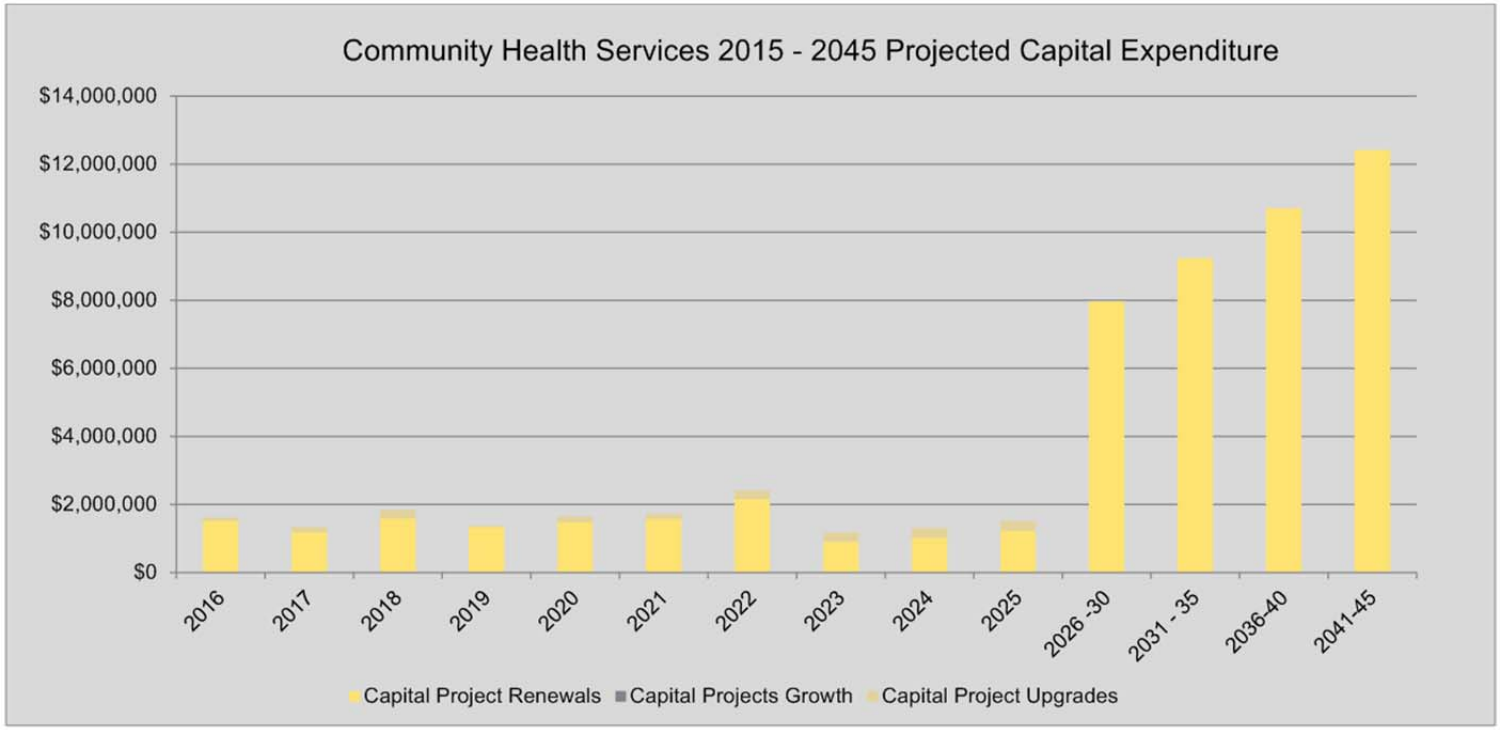
environmental factors. The operation, maintenance, and renewal of this service is relatively predictable, and the Council will continue to implement optimised asset lifecycles to meet legislative and level of service requirements. The capital reinvestment in the crematorium plant is subject to the approval of the business case and the result will be reflected in the LTP. The capital investment required for the future development of Makara Cemetery will be informed by the survey and geotechnical assessments of the undeveloped land prior to the 2018/19 LTP.

Scenario / service cost

Community Health Services 2015 - 2045 financial plan

Description	2016	2017	2018	2019 - 2025	LTP TOTAL	2026-30	2031-35	2036-40	2041-45	30 Year Financials
Operating expenditure	3,824,407	3,927,892	4,084,282	32,697,350	44,533,931	27,795,747	32,222,888	37,355,159	43,304,868	185,212,592
Stewardship [depreciation]	640,326	705,203	744,432	6,846,875	8,936,835	6,780,144	7,860,045	9,111,947	10,563,243	43,252,214
Income	(800,396)	(855,523)	(872,314)	(6,674,590)	(9,202,824)	(5,591,983)	(6,482,641)	(7,515,157)	(8,712,127)	(37,504,731)
Total Operating Projects	**3,664,337**	**3,777,571**	**3,956,399**	**32,869,635**	**44,267,942**	**28,983,908**	**33,600,293**	**38,951,949**	**45,155,984**	**190,960,075**
Capital Project Renewals	1,509,102	1,190,541	1,589,117	9,710,548	13,999,308	7,969,087	9,238,356	10,709,787	12,415,578	54,332,116
Capital Project Upgrades	110,480	150,991	252,935	1,448,926	1,963,332					1,963,332
Capital Projects Growth	-	-	-	-	-	-	-	-	-	-
Total Capital Projects	**1,619,582**	**1,341,532**	**1,842,052**	**11,159,475**	**15,962,640**	**7,969,087**	**9,238,356**	**10,709,787**	**12,415,578**	**56,295,449**
				-	-					-
Grand Total	**5,283,918**	**5,119,104**	**5,798,451**	**44,029,109**	**60,230,582**	**36,952,995**	**42,838,649**	**49,661,735**	**57,571,562**	**247,255,524**

The above table shows the projected operational and capital expenditure for the 30 years of community health activity. This is followed by the projected expenditure in subsequent 5-year periods. This excludes capital upgrades for the remaining 20 years of the 30-year plan. The upgrades from years 11 to 30 are currently unplanned and unbudgeted.



The above shows the projected capital renewal, growth, and upgrade expenditure for the 30 years of community health service activity. This is followed by the projected capital expenditure in subsequent 5 year-period. This excludes capital upgrades for the remaining 20 years of the 30-year plan. The upgrades from years 11 to 30 are currently unplanned and unbudgeted.

City Housing

Summary, profile and level of service

Our social housing serves to ensure that basic housing needs are met for people who face barriers in accessing affordable and appropriate housing, and to enable and empower people, where possible, to make changes in their lives. This is carried out through provision of the housing assets, tenancy management services, and community development. At current levels of provision we experience an excess of demand for social housing services over supply.

Approximately 40 percent of the social housing infrastructure has been upgraded within the last 5 years, another 10 percent will be completed by 2016, and there are plans for the remainder to be completed by 2027. Maintenance and renewals programmes are keeping the remainder of the portfolio in a reasonable standard of repair, although poor condition data means we may be currently under or over investing in these programmes.

Growth and demand

Social housing need is driven by population growth, coupled with income levels and access to appropriate and affordable housing by vulnerable households. Demographic changes, along with household composition changes, will require modifications to the types of properties offered by the service.

The form and location of the Council's housing assets is largely based on decisions taken in the 1960s and 1970s. Our stock is therefore predominantly single-person accommodation located in high-density high-rise apartment blocks. Many units are in areas where Housing New Zealand Corporation also has a significant presence. Having a high density of social housing in a suburb brings social and community development challenges. Future demand for social housing needs to be better understood in order to plan for service changes.

Major issues and risks

Issue/risk	Options to address issue/risk
Capital tied up in poor performing assets and cash-flow considerations.	Develop and gain approval for a divestment and investment strategy that targets poor performing assets. Initiate divestment and reinvestment programme in 2015/16. Develop and apply property performance data collection tools and systems.
Lack of future capital to fund growth.	Government housing policy is now firmly focussed on growing the third sector, so it is unlikely the Council will itself receive any direct Crown assistance in the foreseeable future. Explore new capital funding and other opportunities for the Council and its housing partners to grow the quantum of social housing in Wellington. Use any surpluses to fund housing renewal activity.
Upgraded properties offering a higher level of service than non-upgraded properties.	Completion of asset and condition data to enable accurate future projection of maintenance costs. Review of business model to enable sustainable delivery of service.
Ability to deliver key community development programmes constrained.	Review of business model to enable sustainable delivery of service.
Affordability issues for some service users.	Review of Social Housing Policy including policy for rent setting, reviewing options for service user access to government subsidy, and progressing access to IRR.

Most likely scenario for service

The service suffers from a cash flow issue, which puts the tenancy management and community development service levels and reinvestment in the portfolio at risk. Funding constraints and cost escalations mean that levels of service for the social housing asset will continue to fall short of meeting the needs of the city. The long-term sustainability of the social housing service requires a reassessment of the existing business model, which is under way.

Significant future decisions

Over the period of this strategy, the Council will need to consider the following:

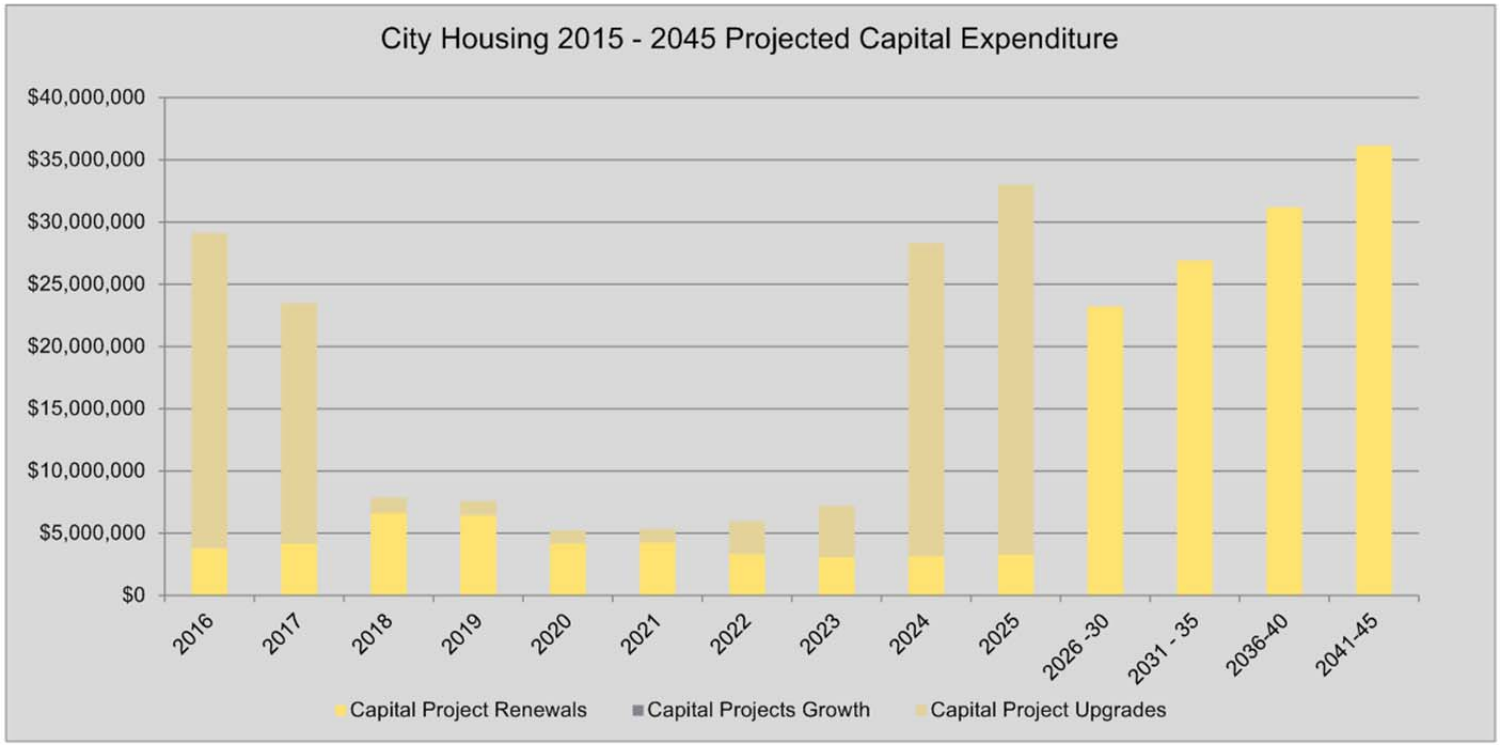
- The impact of changes to the delivery of State housing and to the sector through the Government's Social Housing Reform programme.
- The future of the social housing service after the Deed of Grant agreement with the Crown expires in 2037.

Scenario / service cost

City Housing 2015 - 2045 financial plan

Description	2016	2017	2018	2019 - 2025	LTP TOTAL	2026-30	2031-35	2036-40	2041-45	30 Year Financials
Operating expenditure	14,033,621	13,691,812	14,239,061	111,053,678	153,018,173	104,169,330	(44,014,316)	(51,024,655)	(59,151,560)	102,996,972
Stewardship [depreciation]	11,614,076	11,918,830	12,580,102	94,646,000	130,759,009	82,289,632	95,396,237	110,590,384	128,204,565	547,239,827
Income	(43,271,356)	(41,102,185)	(25,457,979)	(177,669,058)	(287,500,578)	(143,279,398)	(1,324,972)	(1,536,006)	(1,780,652)	(435,421,605)
Total Operating Projects	**(17,623,659)**	**(15,491,542)**	**1,361,185**	**28,030,620**	**(3,723,397)**	**43,179,564**	**50,056,949**	**58,029,723**	**67,272,354**	**214,815,194**
Capital Project Renewals	3,825,841	4,151,085	6,626,141	27,838,533	42,441,600	23,208,806	26,905,368	31,190,695	36,158,564	159,905,034
Capital Project Upgrades	25,295,276	19,340,971	1,249,751	64,897,864	110,783,861	0	0	0	0	110,783,861
Capital Projects Growth	-	-	-	-	-	-	-	-	-	-
Total Capital Projects	**29,121,117**	**23,492,055**	**7,875,892**	**92,736,397**	**153,225,461**	**23,208,806**	**26,905,368**	**31,190,695**	**36,158,564**	**270,688,895**
Grand Total	**11,497,457**	**8,000,513**	**9,237,077**	**120,767,017**	**149,502,064**	**66,388,371**	**76,962,317**	**89,220,419**	**103,430,918**	**485,504,088**

The above table shows the projected operational and capital expenditure for the 30 years of city housing activity. This is followed by the projected expenditure in subsequent 5-year periods. This excludes capital upgrades for the remaining 20 years of the 30-year plan. The upgrades from years 11 to 30 are currently unplanned and unbudgeted.



The above shows the projected capital renewal, growth, and upgrade expenditure for the 30 years of city housing activity. This is followed by the projected capital expenditure in subsequent 5-year period. This excludes capital upgrades for the remaining 20 years of the 30-year plan. The upgrades from years 11 to 30 are currently unplanned and unbudgeted

Property and Corporate Assets

Summary, profile and level of service

We provide property management services to ensure the Council's civic and commercial buildings are safe, compliant, and fit for purpose for occupants and users. This function is delivered by the property management and advisory functions with support from contract management services. Our current levels of service are broadly meeting the needs of users, however this becomes increasingly challenging with ageing properties and the changing legislative and compliance requirements.

The corporate assets portfolio includes IT infrastructure systems, fleet, security, and a range of other minor capital items.

Growth and demand

Growth in corporate property services is primarily driven by changes in the Council's own strategies and property requirements; this would usually relate to changing accommodation requirements for business units and CCO services. Possible areas of service growth include incorporating Wellington Waterfront assets into the portfolio and any integration of Council functions across the region.

Major issues and risks

Issue/risk	Options to address issue/risk
Asset condition data collection and analysis needs to improve to support asset management decision making.	The Council's new strategic asset management unit will provide increased data assessment and asset management capability for our assets. This will assist corporate property services to determine how best to utilise and maintain its assets and optimise the delivery of its service.
Current workplace is dated and does not support contemporary working or the Council's need for a flexible, mobile, future-focussed working environment.	The Workplace Project is part of the wider Civic Precinct Development Project. Its key objectives are to: - modernise our workplace to increase flexibility and improve collaboration - reduce the total floor space we occupy in the Civic Campus - assess whether there are any consequential development opportunities for the Administration Buildings.
Legislative and compliance changes that will likely have a significant impact on risk profiles and health and safety processes.	A full legal and procedures review is required to understand the new requirements and implications of the new Health and Safety in Employment Act.
Earthquake strengthening requirements will impact on funding and our ability to maintain service levels for building occupiers and users.	Strengthening options for the Town Hall and other Civic Campus buildings are being considered under the Civic Precinct Development Project.
IT investment priorities to support the changing business environment.	The rationalisation of systems across the Council to accommodate the new Core Council Application Platform may impact on the specific Corporate Property data collection and reporting requirements. Ensure property requirements are considered within the wider Council requirements.

Most likely scenario for service

Generally our current levels of service will be maintained, however the portfolio's ageing profile and earthquake strengthening requirements mean we need to critically review our asset condition data and renewal cycles to ensure we optimise the funding available.

The Civic Precinct Development proposal will have a significant impact on occupants of the Civic Campus This project seeks to find a solution that addresses the earthquake strengthening requirements across the campus, modernises our workplace, releases sites for development, and revitalises the Civic Square public space. Maintaining service levels within the Civic Campus assets will continue to be a challenge until the future state of each of the buildings/sites is resolved.

Investment in IT solutions will enable the Council to effectively and efficiently deliver its core services and enable us to respond to future change.

Significant future decisions

Over the period of this strategy, the Council will need to consider the following:

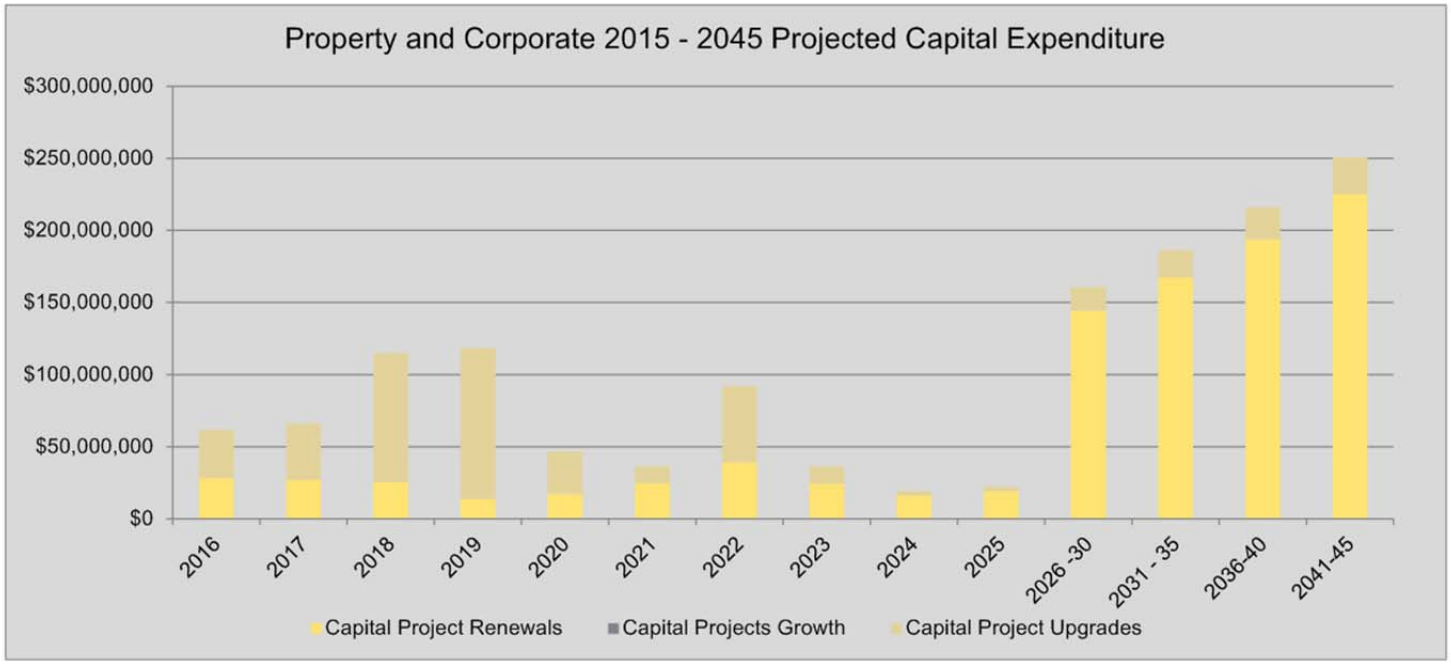
- Civic Precinct Development proposal.
- Capital Investment in our IT infrastructure.

Scenario / service cost

Property and Corporate 2015 - 2045 financial plan

Description	2016	2017	2018	2019 - 2025	LTP TOTAL	2026 -30	2031 - 35	2036-40	2041-45	30 Year Finanicals
Operating expenditure	777,348	2,924,037	3,599,634	2,413,154	9,714,174	8,761,552	10,157,040	11,774,793	13,650,213	64,040,921
Stewardship [depreciation	2,873,601	3,635,182	5,947,658	119,484,356	131,940,797	89,881,780	104,197,617	120,793,596	139,560,588	568,422,628
Income										
Total Operating Projects	**3,650,949**	**6,559,220**	**9,547,292**	**121,897,510**	**141,654,971**	**98,643,332**	**114,354,657**	**132,568,390**	**153,210,801**	**632,463,550**
Capital Project Renewals	28,062,307	27,076,073	25,326,689	154,846,499	235,311,568	144,399,388	167,398,467	194,060,702	224,969,541	966,139,665
Capital Project Upgrades	33,657,616	39,038,599	89,615,121	216,604,988	228,916,324	16,353,759	18,958,488	21,978,084	25,478,623	311,685,278
Capital Projects Growth										
Total Capital Projects	**61,719,923**	**66,114,672**	**114,941,810**	**371,451,487**	**464,227,892**	**160,753,146**	**186,356,955**	**216,038,786**	**250,448,164**	**1,277,824,944**
Grand Total	**65,370,871**	**72,673,892**	**124,489,103**	**493,348,997**	**605,882,862**	**259,396,478**	**300,711,612**	**348,607,176**	**403,658,965**	**1,910,288,493**

The above table shows the projected operational and capital expenditure for the 30 years of property and corporate activity. This is followed by the projected expenditure in subsequent 5-year periods. This excludes capital upgrades for the remaining 20 years of the 30-year plan. The upgrades from years 11 to 30 are currently unplanned and unbudgeted.



The above shows the projected capital renewal, growth, and upgrade expenditure for the 30 years of property and corporate activity. This is followed by the projected capital expenditure in subsequent 5-year periods. This excludes capital upgrades for the remaining 20 years of the 30-year plan. The upgrades from years 11 to 30 are currently unplanned and unbudgeted.

Strategy development and review

The 30IS will be reviewed in each Long-term Plan triennium. Our 30IS will evolve and develop as our infrastructure management capability evolves. As the quality of our information and analytics improves the understanding of our assets, levels of service, and demand for those services, we will focus our infrastructure strategies, planning, and outcomes.

The horizon for our strategy will be held at a 30-year constant for each iteration; as the strategy develops, the legacy of changes will be quantified in the document. In theory, there should be continuity across 30IS development cycles and it should be possible to pick up our 30IS years later and see a clear and concise pathway of its progression. In practice, this would encompass:

- A review of any material changes in principle, direction and focus of the strategy.
- A synopsis of the drivers for those changes, both internal and external.
- A structure highlighting the continuity of one iteration of the strategy to the next.

FUNDING IMPACT STATEMENT
FOR WHOLE OF COUNCIL

	2014/15 AP $000	2015/16 LTP $000	Variance to LTP $000	Notes	2016/17 LTP $000	2017/18 LTP $000	2018/19 LTP $000	2019/20 LTP $000	2020/21 LTP $000	2021/22 LTP $000	2022/23 LTP $000	2023/24 LTP $000	2024/25 LTP $000
Sources of operating funding													
General rates, uniform annual general charges, rates penalties	134,936	152,001	17,065		161,128	172,740	187,466	197,207	207,790	216,523	225,173	233,473	238,153
Targeted rates	120,330	118,903	(1,427)		122,801	129,660	137,197	143,396	151,460	156,738	160,484	169,676	175,199
Subsidies and grants for operating purposes	7,714	6,485	(1,229)		7,694	6,942	6,261	6,386	6,563	6,721	6,881	7,050	7,227
Fees and charges	120,687	122,218	1,531		125,797	128,271	131,033	135,861	139,152	139,665	143,534	146,375	149,762
Interest and dividends from investments	11,044	11,013	(31)		10,967	11,002	10,210	11,228	13,323	16,073	16,797	20,002	21,762
Local authorities fuel tax, fines, infringement fees, and other receipts	9,541	9,255	(286)		9,517	9,679	9,827	9,980	10,149	10,336	10,533	10,741	10,984
Total operating funding (A)	**404,252**	**419,875**	**15,623**		**437,904**	**458,294**	**481,994**	**504,058**	**528,437**	**546,056**	**563,402**	**587,317**	**603,087**
Applications of operating funding													
Payments to staff and suppliers	269,635	280,481	10,846	1	286,030	287,409	298,545	309,088	317,508	328,546	338,885	349,397	361,181
Finance costs	23,041	22,961	(80)		27,479	34,055	40,497	44,117	45,775	48,216	51,737	57,154	59,460
Internal charges and overheads applied	-	-	-		-	-	-	-	-	-	-	-	-
Other operating funding applications	28,958	35,850	6,892	1	44,114	43,112	35,969	38,524	42,084	44,680	45,138	45,652	46,184
Total applications of operating funding (B)	**321,634**	**339,292**	**17,658**		**357,623**	**364,576**	**375,011**	**391,729**	**405,367**	**421,442**	**435,760**	**452,203**	**466,825**
Surplus (deficit) of operating funding (A - B)	**82,618**	**80,583**	**(2,035)**		**80,281**	**93,718**	**106,983**	**112,329**	**123,070**	**124,614**	**127,642**	**135,114**	**136,262**
Sources of capital funding													
Subsidies and grants for capital expenditure	43,375	36,026	(7,349)	2	35,376	21,637	15,186	12,885	13,768	14,154	14,459	14,723	15,600
Development and financial contributions	2,000	2,000	-		2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Increase (decrease) in debt	48,402	62,899	14,497		90,201	107,189	117,402	32,563	7,295	60,847	19,760	14,377	24,023
Gross proceeds from sales of assets	4,050	2,650	(1,400)		7,600	18,350	9,500	2,000	2,000	2,000	2,000	2,000	2,000
Lump sum contributions	-	-	-		-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-		-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**97,827**	**103,575**	**5,748**		**135,177**	**149,176**	**144,088**	**49,448**	**25,063**	**79,001**	**38,219**	**33,100**	**43,623**
Applications of capital funding													
Capital expenditure													
- to meet additional demand	2,558	2,597	39		1,909	8,126	2,867	6,363	4,506	9,700	7,298	9,086	3,052
- to improve the level of service	69,965	84,180	14,215	1	103,500	133,297	152,708	69,114	45,211	102,168	63,180	68,371	66,198
- to replace existing assets	79,480	93,169	13,689	1	81,613	93,876	90,721	83,046	96,143	90,146	94,261	90,092	110,407
Increase (decrease) in reserves	28,442	4,212	(24,230)	1	28,436	7,595	4,775	3,255	2,273	1,601	1,122	665	228
Increase (decrease) in investments	-	-	-		-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	**180,445**	**184,158**	**3,713**		**215,458**	**242,894**	**251,071**	**161,778**	**148,133**	**203,615**	**165,861**	**168,214**	**179,885**
Surplus (deficit) of capital funding (C - D)	**(82,618)**	**(80,583)**	**2,035**		**(80,281)**	**(93,718)**	**(106,983)**	**(112,329)**	**(123,070)**	**(124,614)**	**(127,642)**	**(135,114)**	**(136,262)**
Funding balance ((A - B) + (C - D))	-	-	**0**		-	-	-	-	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge	102,165	99,797	(2,368)		102,250	108,742	114,681	118,322	127,955	131,788	133,873	142,169	145,709

Notes to variances:

1. Variances for these items can be found in the Funding Impact Statement for each activity over the following 18 pages.

2. Decrease in crown funding between 14/15 and 15/16 for the Housing upgrade project offset by an increase in NZTA funding between 2014/15 and 2015/16.

FUNDING IMPACT STATEMENT
1.1 FOR GOVERNANCE, INFORMATION AND ENGAGEMENT

	2014/15 AP $000	2015/16 LTP $000	Variance to LTP $000	Notes	2016/17 LTP $000	2017/18 LTP $000	2018/19 LTP $000	2019/20 LTP $000	2020/21 LTP $000	2021/22 LTP $000	2022/23 LTP $000	2023/24 LTP $000	2024/25 LTP $000
Sources of operating funding													
General rates, uniform annual general charges, rates penalties	14,214	16,587	2,373		17,417	17,175	18,153	19,299	19,236	19,802	20,686	20,232	20,929
Targeted rates	-	-	-		-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-		-	-	-	-	-	-	-	-	-
Fees and charges	565	508	(57)		889	528	539	945	562	575	1,012	603	619
Internal charges and overheads recovered	-	-	-		-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-		-	-	-	-	-	-	-	-	-
Total operating funding (A)	**14,779**	**17,095**	**2,316**		**18,306**	**17,703**	**18,692**	**20,244**	**19,798**	**20,377**	**21,698**	**20,835**	**21,548**
Applications of operating funding													
Payments to staff and suppliers	7,820	9,713	1,893	1	10,758	10,100	10,435	11,548	10,857	11,263	12,492	11,813	12,199
Finance costs	15	16	1		18	21	26	28	30	32	35	41	43
Internal charges and overheads applied	6,570	7,308	738	2	7,481	7,517	8,167	8,613	8,846	9,031	9,122	8,933	9,258
Other operating funding applications	313	10	(303)	3	10	10	10	10	10	10	10	10	10
Total applications of operating funding (B)	**14,718**	**17,047**	**2,329**		**18,267**	**17,648**	**18,638**	**20,199**	**19,743**	**20,336**	**21,659**	**20,797**	**21,510**
Surplus (deficit) of operating funding (A - B)	**61**	**48**	**(13)**		**39**	**55**	**54**	**45**	**55**	**41**	**39**	**38**	**38**
Sources of capital funding													
Subsidies and grants for capital expenditure	-	-	-		-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	(61)	(48)	13		77	(55)	(54)	81	(55)	(41)	99	(38)	(38)
Gross proceeds from sales of assets	-	-	-		-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-		-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-		-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**(61)**	**(48)**	**13**		**77**	**(55)**	**(54)**	**81**	**(55)**	**(41)**	**99**	**(38)**	**(38)**
Applications of capital funding													
Capital expenditure													
- to meet additional demand	-	-	-		-	-	-	-	-	-	-	-	-
- to improve the level of service	-	-	-		-	-	-	-	-	-	-	-	-
- to replace existing assets	-	-	-		116	-	-	126	-	-	138	-	-
Increase (decrease) in reserves	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in investments	-	-	-		-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	**-**	**-**	**-**		**116**	**-**	**-**	**126**	**-**	**-**	**138**	**-**	**-**
Surplus (deficit) of capital funding (C - D)	**(61)**	**(48)**	**13**		**(39)**	**(55)**	**(54)**	**(45)**	**(55)**	**(41)**	**(39)**	**(38)**	**(38)**
Funding balance ((A - B) + (C - D))	**-**	**-**	**-**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Expenses for this activity grouping include the following depreciation/amortisation charge	**61**	**48**	(13)		**39**	**55**	**54**	**45**	**55**	**41**	**39**	**38**	**38**

Notes to variances:

1. Costs of $1m have been transferred out of Activity 3.1 to Activity 1.1 to better represent the nature of the projects, plus reclassification of costs in the Land Information project from Activity 10.1 to Activity 1.1 $500k.

2. Increased cost of this activity attracts a higher allocation of corporate overheads.

3. Funding for the Smart Energy Capital initiative has been moved to Activity 2.2.

FUNDING IMPACT STATEMENT
1.2 FOR MAORI AND MANA WHENUA PARTNERSHIPS

	2014/15 AP $000	2015/16 LTP $000	Variance to LTP $000	Notes	2016/17 LTP $000	2017/18 LTP $000	2018/19 LTP $000	2019/20 LTP $000	2020/21 LTP $000	2021/22 LTP $000	2022/23 LTP $000	2023/24 LTP $000	2024/25 LTP $000
Sources of operating funding													
General rates, uniform annual general charges, rates penalties	225	281	56		288	296	304	312	321	330	340	352	365
Targeted rates	-	-	-		-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-		-	-	-	-	-	-	-	-	-
Fees and charges	-	-	-		-	-	-	-	-	-	-	-	-
Internal charges and overheads recovered	-	-	-		-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-		-	-	-	-	-	-	-	-	-
Total operating funding (A)	**225**	**281**	**56**		**288**	**296**	**304**	**312**	**321**	**330**	**340**	**352**	**365**
Applications of operating funding													
Payments to staff and suppliers	214	267	53		274	281	289	298	306	316	326	337	350
Finance costs	1	1	-		1	1	1	-	-	-	-	-	-
Internal charges and overheads applied	8	11	3		11	12	12	12	13	13	13	14	14
Other operating funding applications	-	-	-		-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	**223**	**279**	**56**		**286**	**294**	**302**	**310**	**319**	**329**	**339**	**351**	**364**
Surplus (deficit) of operating funding (A - B)	**2**	**2**	**-**		**2**	**2**	**2**	**2**	**2**	**1**	**1**	**1**	**1**
Sources of capital funding													
Subsidies and grants for capital expenditure	-	-	-		-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	(2)	(2)	-		(2)	(2)	(2)	(2)	(2)	(1)	(1)	(1)	(1)
Gross proceeds from sales of assets	-	-	-		-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-		-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-		-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**(2)**	**(2)**	**-**		**(2)**	**(2)**	**(2)**	**(2)**	**(2)**	**(1)**	**(1)**	**(1)**	**(1)**
Applications of capital funding													
Capital expenditure													
- to meet additional demand	-	-	-		-	-	-	-	-	-	-	-	-
- to improve the level of service	-	-	-		-	-	-	-	-	-	-	-	-
- to replace existing assets	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in reserves	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in investments	-	-	-		-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	**-**	**-**	**-**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Surplus (deficit) of capital funding (C - D)	**(2)**	**(2)**	**-**		**(2)**	**(2)**	**(2)**	**(2)**	**(2)**	**(1)**	**(1)**	**(1)**	**(1)**
Funding balance ((A - B) + (C - D))	**-**	**-**	**-**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Expenses for this activity grouping include the following depreciation/amortisation charge	**2**	**2**	**-**		**2**	**2**	**2**	**2**	**2**	**1**	**1**	**1**	**1**

FUNDING IMPACT STATEMENT
2.1 FOR GARDENS, BEACHES AND GREEN OPEN SPACES

	2014/15 AP $000	2015/16 LTP $000	Variance to LTP $000	Notes	2016/17 LTP $000	2017/18 LTP $000	2018/19 LTP $000	2019/20 LTP $000	2020/21 LTP $000	2021/22 LTP $000	2022/23 LTP $000	2023/24 LTP $000	2024/25 LTP $000
Sources of operating funding													
General rates, uniform annual general charges, rates penalties	27,267	30,360	3,093		31,414	32,087	34,069	35,545	36,163	37,067	38,467	39,871	41,217
Targeted rates	632	-	(632)		-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	671	699	28		731	764	800	820	843	868	889	910	933
Fees and charges	1,314	1,437	123		1,465	1,494	1,525	1,557	1,591	1,629	1,667	1,708	1,751
Internal charges and overheads recovered	5,101	5,111	10		5,203	5,311	5,418	5,536	5,658	5,791	5,934	6,088	6,251
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-		-	-	-	-	-	-	-	-	-
Total operating funding (A)	**34,985**	**37,607**	**2,622**		**38,813**	**39,656**	**41,812**	**43,458**	**44,255**	**45,355**	**46,957**	**48,577**	**50,152**
Applications of operating funding													
Payments to staff and suppliers	17,767	19,285	1,518	1	20,088	20,249	21,168	22,022	22,348	23,086	23,770	24,439	25,270
Finance costs	1,834	1,993	159		2,250	2,716	3,248	3,536	3,767	3,974	4,307	5,008	5,272
Internal charges and overheads applied	11,520	12,281	761	2	12,438	12,635	13,335	13,740	14,015	14,192	14,620	14,871	15,195
Other operating funding applications	100	120	20		121	101	101	102	102	102	103	103	103
Total applications of operating funding (B)	**31,221**	**33,679**	**2,458**		**34,897**	**35,701**	**37,852**	**39,400**	**40,232**	**41,354**	**42,800**	**44,421**	**45,840**
Surplus (deficit) of operating funding (A - B)	**3,764**	**3,928**	**164**		**3,916**	**3,955**	**3,960**	**4,058**	**4,023**	**4,001**	**4,157**	**4,156**	**4,312**
Sources of capital funding													
Subsidies and grants for capital expenditure	620	650	30		-	50	600	150	507	507	507	507	507
Development and financial contributions	183	183	-		183	183	183	183	183	183	183	183	183
Increase (decrease) in debt	(1,562)	(2,129)	(567)		(1,432)	(315)	(1,606)	(1,898)	(1,180)	3,367	(1,963)	(1,795)	(679)
Gross proceeds from sales of assets	-	-	-		-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-		-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-		-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**(759)**	**(1,296)**	**(537)**		**(1,249)**	**(82)**	**(823)**	**(1,565)**	**(490)**	**4,057**	**(1,273)**	**(1,105)**	**11**
Applications of capital funding													
Capital expenditure													
- to meet additional demand	34	70	36		82	395	37	38	39	4,070	42	43	45
- to improve the level of service	1,180	1,121	(59)		878	1,082	1,238	482	1,026	1,156	962	995	1,031
- to replace existing assets	1,791	1,441	(350)	3	1,707	2,396	1,862	1,973	2,468	2,832	1,880	2,013	3,247
Increase (decrease) in reserves	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in investments	-	-	-		-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	**3,005**	**2,632**	**(373)**		**2,667**	**3,873**	**3,137**	**2,493**	**3,533**	**8,058**	**2,884**	**3,051**	**4,323**
Surplus (deficit) of capital funding (C - D)	**(3,764)**	**(3,928)**	**(164)**		**(3,916)**	**(3,955)**	**(3,960)**	**(4,058)**	**(4,023)**	**(4,001)**	**(4,157)**	**(4,156)**	**(4,312)**
Funding balance ((A - B) + (C - D))	-	-	-		-	-	-	-	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge	**4,042**	**3,928**	(114)		**3,916**	**3,955**	**3,960**	**4,058**	**4,023**	**4,001**	**4,157**	**4,156**	**4,312**

Notes to variances:

1. After an unsuccessful trial period, Council has agreed not to replace the current public rubbish bin system, which was originally expected to provide savings of $500k per annum. Additionally, $350k is due to the redevelopment of the Lyall Bay Surf Club, which will now be funded by the use of prior year surpluses. Budget increased by $100k for the maintenance of the Pukeahu National War Memorial.

2. Increased cost of this activity attracts a higher allocation of corporate overheads.

3. Reduced budget in 2015/16 due to the completion in 2014/15 of renovations to the caretaker's house at Otari-Wilton's Bush, and refurbishment of the baithouse at Greta Point.

FUNDING IMPACT STATEMENT
2.2 FOR WASTE REDUCTION AND ENERGY CONSERVATION

	2014/15 AP $000	2015/16 LTP $000	Variance to LTP $000	Notes	2016/17 LTP $000	2017/18 LTP $000	2018/19 LTP $000	2019/20 LTP $000	2020/21 LTP $000	2021/22 LTP $000	2022/23 LTP $000	2023/24 LTP $000	2024/25 LTP $000
Sources of operating funding													
General rates, uniform annual general charges, rates penalties	404	764	360		729	499	564	626	658	1,324	974	1,091	1,098
Targeted rates	-	-	-		-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-		-	-	-	-	-	-	-	-	-
Fees and charges	12,926	12,876	(50)		13,353	13,599	13,767	14,040	14,405	14,320	15,009	15,366	15,833
Internal charges and overheads recovered	-	-	-		-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-		-	-	-	-	-	-	-	-	-
Total operating funding (A)	**13,330**	**13,640**	**310**		**14,082**	**14,098**	**14,331**	**14,666**	**15,063**	**15,644**	**15,983**	**16,457**	**16,931**
Applications of operating funding													
Payments to staff and suppliers	11,873	12,126	253	1	12,552	12,814	13,158	13,528	13,910	14,408	14,803	15,311	15,847
Finance costs	1,005	877	(128)		774	663	468	442	416	495	482	474	419
Internal charges and overheads applied	(112)	56	168		42	25	107	128	146	134	109	75	62
Other operating funding applications	5	255	250	2	255	105	105	105	105	105	105	105	105
Total applications of operating funding (B)	**12,771**	**13,314**	**543**		**13,623**	**13,607**	**13,838**	**14,203**	**14,577**	**15,142**	**15,499**	**15,965**	**16,433**
Surplus (deficit) of operating funding (A - B)	**559**	**326**	**(233)**		**459**	**491**	**493**	**463**	**486**	**502**	**484**	**492**	**498**
Sources of capital funding													
Subsidies and grants for capital expenditure	-	-	-		-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	217	912	695		773	5,391	7,837	508	444	140	178	193	211
Gross proceeds from sales of assets	-	-	-		-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-		-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-		-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**217**	**912**	**695**		**773**	**5,391**	**7,837**	**508**	**444**	**140**	**178**	**193**	**211**
Applications of capital funding													
Capital expenditure													
- to meet additional demand	-	-	-		-	-	-	-	-	-	-	-	-
- to improve the level of service	67	-	(67)		-	-	-	-	-	-	-	-	-
- to replace existing assets	709	1,238	529	3	1,232	5,882	8,330	971	930	642	662	685	709
Increase (decrease) in reserves	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in investments	-	-	-		-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	**776**	**1,238**	**462**		**1,232**	**5,882**	**8,330**	**971**	**930**	**642**	**662**	**685**	**709**
Surplus (deficit) of capital funding (C - D)	**(559)**	**(326)**	**233**		**(459)**	**(491)**	**(493)**	**(463)**	**(486)**	**(502)**	**(484)**	**(492)**	**(498)**
Funding balance ((A - B) + (C - D))	-	-	-		-	-	-	-	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge	**435**	**326**	(109)		**459**	**491**	**493**	**463**	**486**	**502**	**484**	**492**	**498**

Notes to variances:

1. Costs have increased within this activity as a result of inflationary and other contractual pressures.

2. Funding for the Smart Energy Capital initiative has moved to this activity from Activity 1.1 to 2.2, and has been extended past the original 3-year funding period.

3. Increase due to a change of timing of renewals creating a higher level of scheduled asset replacements in 2015/16.

FUNDING IMPACT STATEMENT
2.3 FOR WATER

	2014/15 AP $000	2015/16 LTP $000	Variance to LTP $000	Notes	2016/17 LTP $000	2017/18 LTP $000	2018/19 LTP $000	2019/20 LTP $000	2020/21 LTP $000	2021/22 LTP $000	2022/23 LTP $000	2023/24 LTP $000	2024/25 LTP $000
Sources of operating funding													
General rates, uniform annual general charges, rates penalties	-	-	-		-	-	-	-	-	-	-	-	-
Targeted rates	39,287	38,291	(996)	1	39,932	42,493	45,083	47,666	51,801	54,184	55,653	59,282	61,115
Subsidies and grants for operating purposes	-	-	-		-	-	-	-	-	-	-	-	-
Fees and charges	33	35	2		35	36	37	38	38	39	40	41	42
Internal charges and overheads recovered	-	-	-		-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-		-	-	-	-	-	-	-	-	-
Total operating funding (A)	**39,320**	**38,326**	**(994)**		**39,967**	**42,529**	**45,120**	**47,704**	**51,839**	**54,223**	**55,693**	**59,323**	**61,157**
Applications of operating funding													
Payments to staff and suppliers	21,547	22,501	954	2	23,971	25,234	27,364	29,729	32,580	34,843	36,086	37,799	39,546
Finance costs	2,104	2,100	(4)		2,310	2,712	3,153	3,329	3,434	3,501	3,654	4,084	4,119
Internal charges and overheads applied	1,522	1,443	(79)		1,386	1,406	1,478	1,513	1,550	1,584	1,615	1,651	1,695
Other operating funding applications	-	-	-		-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	**25,173**	**26,044**	**871**		**27,667**	**29,352**	**31,995**	**34,571**	**37,564**	**39,928**	**41,355**	**43,534**	**45,360**
Surplus (deficit) of operating funding (A - B)	**14,147**	**12,282**	**(1,865)**		**12,300**	**13,177**	**13,125**	**13,133**	**14,275**	**14,295**	**14,338**	**15,789**	**15,797**
Sources of capital funding													
Subsidies and grants for capital expenditure	-	-	-		-	-	-	-	-	-	-	-	-
Development and financial contributions	671	671	-		671	671	671	671	671	671	671	671	671
Increase (decrease) in debt	(2,523)	3,999	6,522		1,964	1,562	6,523	7,578	4,583	8,585	11,438	3,559	6,422
Gross proceeds from sales of assets	-	-	-		-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-		-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-		-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**(1,852)**	**4,670**	**6,522**		**2,635**	**2,233**	**7,194**	**8,249**	**5,254**	**9,256**	**12,109**	**4,230**	**7,093**
Applications of capital funding													
Capital expenditure													
- to meet additional demand	358	563	205		538	639	494	654	620	724	748	636	656
- to improve the level of service	2,833	3,038	205		4,206	5,187	7,271	7,497	7,083	10,835	11,297	6,316	6,527
- to replace existing assets	9,104	13,351	4,247	3	10,191	9,584	12,554	13,231	11,826	11,992	14,402	13,067	15,707
Increase (decrease) in reserves	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in investments	-	-	-		-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	**12,295**	**16,952**	**4,657**		**14,935**	**15,410**	**20,319**	**21,382**	**19,529**	**23,551**	**26,447**	**20,019**	**22,890**
Surplus (deficit) of capital funding (C - D)	**(14,147)**	**(12,282)**	**1,865**		**(12,300)**	**(13,177)**	**(13,125)**	**(13,133)**	**(14,275)**	**(14,295)**	**(14,338)**	**(15,789)**	**(15,797)**
Funding balance ((A - B) + (C - D))	-	-	-		-	-	-	-	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge	**14,739**	**12,282**	(2,457)		**12,300**	**13,177**	**13,125**	**13,133**	**14,275**	**14,295**	**14,338**	**15,789**	**15,797**

Notes to variances:

1. Water network costs have reduced resulting in funding required from collection of water rates.

2. Greater Wellington Regional Council bulk water charges have increased 5% from last years budget.

3. The availability and use of improved asset information and asset management systems, these systems have resulted in better informed renewals spend. This has changed the timing of the asset replacement programme.

FUNDING IMPACT STATEMENT
2.4 FOR WASTEWATER

	2014/15 AP $000	2015/16 LTP $000	Variance to LTP $000	Notes	2016/17 LTP $000	2017/18 LTP $000	2018/19 LTP $000	2019/20 LTP $000	2020/21 LTP $000	2021/22 LTP $000	2022/23 LTP $000	2023/24 LTP $000	2024/25 LTP $000
Sources of operating funding													
General rates, uniform annual general charges, rates penalties	-	-	-		-	-	-	-	-	-	-	-	-
Targeted rates	36,257	37,425	1,168		38,694	40,857	42,576	44,273	46,693	48,297	50,075	53,404	55,250
Subsidies and grants for operating purposes	-	-	-		-	-	-	-	-	-	-	-	-
Fees and charges	1,227	1,233	6		1,256	1,281	1,308	1,335	1,364	1,396	1,430	1,464	1,501
Internal charges and overheads recovered	-	-	-		-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-		-	-	-	-	-	-	-	-	-
Total operating funding (A)	**37,484**	**38,658**	**1,174**		**39,950**	**42,138**	**43,884**	**45,608**	**48,057**	**49,693**	**51,505**	**54,868**	**56,751**
Applications of operating funding													
Payments to staff and suppliers	21,070	21,117	47		22,158	23,178	24,322	25,674	26,941	28,403	29,911	31,537	33,211
Finance costs	3,577	3,741	164		4,033	4,372	4,756	4,993	5,076	5,128	5,324	5,740	5,782
Internal charges and overheads applied	3,541	3,525	(16)		3,473	3,533	3,694	3,788	3,885	3,982	4,074	4,178	4,299
Other operating funding applications	-	-	-		-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	**28,188**	**28,383**	**195**		**29,664**	**31,083**	**32,772**	**34,455**	**35,902**	**37,513**	**39,309**	**41,455**	**43,292**
Surplus (deficit) of operating funding (A - B)	**9,296**	**10,275**	**979**		**10,286**	**11,055**	**11,112**	**11,153**	**12,155**	**12,180**	**12,196**	**13,413**	**13,459**
Sources of capital funding													
Subsidies and grants for capital expenditure	-	-	-		-	-	-	-	-	-	-	-	-
Development and financial contributions	549	549	-		549	549	549	549	549	549	549	549	549
Increase (decrease) in debt	(2,100)	(343)	1,757		491	1,715	137	1,939	(2,015)	(2,243)	(838)	116	11,596
Gross proceeds from sales of assets	-	-	-		-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-		-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-		-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**(1,551)**	**206**	**1,757**		**1,040**	**2,264**	**686**	**2,488**	**(1,466)**	**(1,694)**	**(289)**	**665**	**12,145**
Applications of capital funding													
Capital expenditure													
- to meet additional demand	172	223	51		230	319	315	364	314	320	353	395	530
- to improve the level of service	-	-	-		316	1,620	1,744	1,794	152	157	162	167	173
- to replace existing assets	7,573	10,258	2,685	1	10,780	11,380	9,739	11,483	10,223	10,009	11,392	13,516	24,901
Increase (decrease) in reserves	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in investments	-	-	-		-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	**7,745**	**10,481**	**2,736**		**11,326**	**13,319**	**11,798**	**13,641**	**10,689**	**10,486**	**11,907**	**14,078**	**25,604**
Surplus (deficit) of capital funding (C - D)	**(9,296)**	**(10,275)**	**(979)**		**(10,286)**	**(11,055)**	**(11,112)**	**(11,153)**	**(12,155)**	**(12,180)**	**(12,196)**	**(13,413)**	**(13,459)**
Funding balance ((A - B) + (C - D))	-	-	-		-	-	-	-	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge	**13,416**	**13,428**	12		**13,439**	**14,439**	**14,496**	**14,537**	**15,817**	**15,818**	**15,830**	**17,395**	**17,441**

Notes to variances:

1. The availability and use of improved asset information and asset management systems, these systems have resulted in better informed renewals spend. This has changed the timing of the asset replacement programme.

FUNDING IMPACT STATEMENT
2.5 FOR STORMWATER

	2014/15 AP $000	2015/16 LTP $000	Variance to LTP $000	Notes	2016/17 LTP $000	2017/18 LTP $000	2018/19 LTP $000	2019/20 LTP $000	2020/21 LTP $000	2021/22 LTP $000	2022/23 LTP $000	2023/24 LTP $000	2024/25 LTP $000
Sources of operating funding													
General rates, uniform annual general charges, rates penalties	-	-	-		-	-	-	-	-	-	-	-	-
Targeted rates	18,648	17,442	(1,206)		17,902	18,953	19,922	20,581	21,655	22,356	22,883	24,817	25,475
Subsidies and grants for operating purposes	120	136	16		142	148	154	157	160	164	168	172	177
Fees and charges	9	10	1		10	10	10	10	11	11	11	11	12
Internal charges and overheads recovered	-	-	-		-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-		-	-	-	-	-	-	-	-	-
Total operating funding (A)	**18,777**	**17,588**	**(1,189)**		**18,054**	**19,111**	**20,086**	**20,748**	**21,826**	**22,531**	**23,062**	**25,000**	**25,664**
Applications of operating funding													
Payments to staff and suppliers	7,432	7,131	(301)	1	7,303	7,260	7,382	7,629	7,828	8,243	8,329	8,614	8,921
Finance costs	2,875	2,904	29		3,268	3,929	4,684	5,078	5,386	5,654	6,089	7,033	7,347
Internal charges and overheads applied	1,473	1,501	28		1,452	1,470	1,554	1,591	1,629	1,662	1,691	1,723	1,765
Other operating funding applications	-	-	-		-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	**11,780**	**11,536**	**(244)**		**12,023**	**12,659**	**13,620**	**14,298**	**14,843**	**15,559**	**16,109**	**17,370**	**18,033**
Surplus (deficit) of operating funding (A - B)	**6,997**	**6,052**	**(945)**		**6,031**	**6,452**	**6,466**	**6,450**	**6,983**	**6,972**	**6,953**	**7,630**	**7,631**
Sources of capital funding													
Subsidies and grants for capital expenditure	-	-	-		-	-	-	-	-	-	-	-	-
Development and financial contributions	58	58	-		58	58	58	58	58	58	58	58	58
Increase (decrease) in debt	(2,801)	(1,654)	1,147		931	1,142	(2,455)	(1,265)	(1,473)	(2,360)	51	(216)	(1,425)
Gross proceeds from sales of assets	-	-	-		-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-		-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-		-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**(2,743)**	**(1,596)**	**1,147**		**989**	**1,200**	**(2,397)**	**(1,207)**	**(1,415)**	**(2,302)**	**109**	**(158)**	**(1,367)**
Applications of capital funding													
Capital expenditure													
- to meet additional demand	106	161	55		237	243	157	178	194	190	221	230	227
- to improve the level of service	451	1,501	1,050	2	4,550	4,660	2,265	2,461	2,786	2,658	2,847	2,956	3,351
- to replace existing assets	3,697	2,794	(903)	3	2,233	2,749	1,647	2,604	2,588	1,822	3,994	4,286	2,686
Increase (decrease) in reserves	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in investments	-	-	-		-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	**4,254**	**4,456**	**202**		**7,020**	**7,652**	**4,069**	**5,243**	**5,568**	**4,670**	**7,062**	**7,472**	**6,264**
Surplus (deficit) of capital funding (C - D)	**(6,997)**	**(6,052)**	**945**		**(6,031)**	**(6,452)**	**(6,466)**	**(6,450)**	**(6,983)**	**(6,972)**	**(6,953)**	**(7,630)**	**(7,631)**
Funding balance ((A - B) + (C - D))	-	-	-		-	-	-	-	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge	**6,997**	**6,052**	(945)		**6,031**	**6,452**	**6,466**	**6,450**	**6,983**	**6,972**	**6,953**	**7,630**	**7,631**

Notes to variances:

1. Costs have reducued due to lower insurance premiums.

2. Planned stormwater upgrade programme has been brought forward in the plan to better reflect the stormwater needs of the community.

3. The variance is a result of the availability and use of improved asset information and asset management systems, these systems have resulted in better informed renewals spend.

FUNDING IMPACT STATEMENT
2.6 FOR CONSERVATION ATTRACTIONS

	2014/15 AP $000	2015/16 LTP $000	Variance to LTP $000	Notes	2016/17 LTP $000	2017/18 LTP $000	2018/19 LTP $000	2019/20 LTP $000	2020/21 LTP $000	2021/22 LTP $000	2022/23 LTP $000	2023/24 LTP $000	2024/25 LTP $000
Sources of operating funding													
General rates, uniform annual general charges, rates penalties	6,126	6,459	333		6,625	6,899	7,995	8,098	8,160	8,232	8,230	8,277	8,310
Targeted rates	-	-	-		-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-		-	-	-	-	-	-	-	-	-
Fees and charges	-	-	-		-	-	-	-	-	-	-	-	-
Internal charges and overheads recovered	-	-	-		-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-		-	-	-	-	-	-	-	-	-
Total operating funding (A)	**6,126**	**6,459**	**333**		**6,625**	**6,899**	**7,995**	**8,098**	**8,160**	**8,232**	**8,230**	**8,277**	**8,310**
Applications of operating funding													
Payments to staff and suppliers	138	214	76		219	225	230	236	241	248	257	264	272
Finance costs	755	748	(7)		804	1,000	1,155	1,174	1,141	1,102	1,092	1,074	1,026
Internal charges and overheads applied	264	286	22		288	289	290	292	293	294	293	292	293
Other operating funding applications	3,632	3,689	57		3,759	9,832	3,914	4,001	4,091	4,195	4,302	4,423	4,549
Total applications of operating funding (B)	**4,789**	**4,937**	**148**		**5,070**	**11,346**	**5,589**	**5,703**	**5,766**	**5,839**	**5,944**	**6,053**	**6,140**
Surplus (deficit) of operating funding (A - B)	**1,337**	**1,522**	**185**		**1,555**	**(4,447)**	**2,406**	**2,395**	**2,394**	**2,393**	**2,286**	**2,224**	**2,170**
Sources of capital funding													
Subsidies and grants for capital expenditure	129	126	(3)		-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	(672)	(332)	340		(738)	5,290	(1,552)	(1,507)	(1,472)	(1,453)	(1,316)	(1,222)	(1,133)
Gross proceeds from sales of assets	-	-	-		-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-		-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-		-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**(543)**	**(206)**	**337**		**(738)**	**5,290**	**(1,552)**	**(1,507)**	**(1,472)**	**(1,453)**	**(1,316)**	**(1,222)**	**(1,133)**
Applications of capital funding													
Capital expenditure													
- to meet additional demand	-	-	-		-	-	-	-	-	-	-	-	-
- to improve the level of service	516	516	-		-	-	-	-	-	-	-	-	-
- to replace existing assets	278	800	522	1	817	843	854	888	922	940	970	1,002	1,037
Increase (decrease) in reserves	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in investments	-	-	-		-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	**794**	**1,316**	**522**		**817**	**843**	**854**	**888**	**922**	**940**	**970**	**1,002**	**1,037**
Surplus (deficit) of capital funding (C - D)	**(1,337)**	**(1,522)**	**(185)**		**(1,555)**	**4,447**	**(2,406)**	**(2,395)**	**(2,394)**	**(2,393)**	**(2,286)**	**(2,224)**	**(2,170)**
Funding balance ((A - B) + (C - D))	-	-	-		-	-	-	-	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge	1,337	1,522	185		1,555	1,553	1,523	1,512	1,511	1,510	1,403	1,341	1,287

Notes to variances:

1.Increased costs due to a higher level of scheduled asst replacements in 2015/16.

FUNDING IMPACT STATEMENT
3.1 FOR CITY PROMOTIONS AND BUSINESS SUPPORT

	2014/15 AP $000	2015/16 LTP $000	Variance to LTP $000	Notes	2016/17 LTP $000	2017/18 LTP $000	2018/19 LTP $000	2019/20 LTP $000	2020/21 LTP $000	2021/22 LTP $000	2022/23 LTP $000	2023/24 LTP $000	2024/25 LTP $000
Sources of operating funding													
General rates, uniform annual general charges, rates penalties	5,207	4,610	(597)		5,104	7,181	9,595	12,613	15,561	19,189	21,191	21,425	21,552
Targeted rates	15,012	15,226	214		15,172	15,604	16,823	17,269	17,456	17,847	17,726	17,723	18,510
Subsidies and grants for operating purposes	-	-	-		388	-	-	-	-	-	-	-	-
Fees and charges	14,035	14,365	330		14,704	14,814	14,938	15,272	15,712	16,835	18,047	19,154	20,145
Internal charges and overheads recovered	-	-	-		-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-		-	-	-	-	-	-	-	-	-
Total operating funding (A)	**34,254**	**34,201**	**(53)**		**35,368**	**37,599**	**41,356**	**45,154**	**48,729**	**53,871**	**56,964**	**58,302**	**60,207**
Applications of operating funding													
Payments to staff and suppliers	26,079	21,483	(4,596)	1	21,967	22,151	23,353	23,871	24,180	25,491	26,216	26,718	28,461
Finance costs	710	736	26		1,139	1,456	2,228	2,905	3,275	4,748	6,353	6,659	6,569
Internal charges and overheads applied	1,848	939	(909)		949	955	1,036	1,071	1,099	1,117	1,124	1,374	1,401
Other operating funding applications	7,553	12,248	4,695	1	17,048	12,298	12,548	14,715	16,882	19,048	19,048	19,048	19,048
Total applications of operating funding (B)	**36,190**	**35,406**	**(784)**		**41,103**	**36,860**	**39,165**	**42,562**	**45,436**	**50,404**	**52,741**	**53,799**	**55,479**
Surplus (deficit) of operating funding (A - B)	**(1,936)**	**(1,205)**	**731**		**(5,735)**	**739**	**2,191**	**2,592**	**3,293**	**3,467**	**4,223**	**4,503**	**4,728**
Sources of capital funding													
Subsidies and grants for capital expenditure	-	-	-		-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	3,277	24,920	21,643		21,977	29,617	62,218	20,267	6,942	46,341	6,601	(3,722)	(2,625)
Gross proceeds from sales of assets	-	-	-		-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-		-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-		-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**3,277**	**24,920**	**21,643**		**21,977**	**29,617**	**62,218**	**20,267**	**6,942**	**46,341**	**6,601**	**(3,722)**	**(2,625)**
Applications of capital funding													
Capital expenditure													
- to meet additional demand	-	-	-		-	-	-	-	-	-	-	-	-
- to improve the level of service	-	21,500	21,500		14,500	29,003	63,948	21,049	8,330	47,702	8,877	-	-
- to replace existing assets	1,341	2,215	874	2	1,742	1,353	461	1,810	1,905	2,106	1,947	781	2,103
Increase (decrease) in reserves	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in investments	-	-	-		-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	**1,341**	**23,715**	**22,374**		**16,242**	**30,356**	**64,409**	**22,859**	**10,235**	**49,808**	**10,824**	**781**	**2,103**
Surplus (deficit) of capital funding (C - D)	**1,936**	**1,205**	**(731)**		**5,735**	**(739)**	**(2,191)**	**(2,592)**	**(3,293)**	**(3,467)**	**(4,223)**	**(4,503)**	**(4,728)**
Funding balance ((A - B) + (C - D))	-	-	-		-	-	-	-	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge	1,618	1,795	177		1,840	1,814	1,766	2,167	2,868	3,042	3,798	4,078	4,303

Notes to variances:

2. Due to the creation of the Wellington Regional Economic Development Agency expenditure of $3m has been reclassified into 'Other operating funding applications'. Costs of $1m have been transferred from Activity 3.1 to Activity 1.1. Additional funding has also been added to the Events Fund for events such as the Festival of the Arts and Christmas celebrations.

3. Funding for the upgrade of the St James Theatre air conditioning system has been included in Year 1 of the Long-term Plan.

FUNDING IMPACT STATEMENT
4.1 FOR ARTS AND CULTURE ACTIVITIES

	2014/15 AP $000	2015/16 LTP $000	Variance to LTP $000	Notes	2016/17 LTP $000	2017/18 LTP $000	2018/19 LTP $000	2019/20 LTP $000	2020/21 LTP $000	2021/22 LTP $000	2022/23 LTP $000	2023/24 LTP $000	2024/25 LTP $000
Sources of operating funding													
General rates, uniform annual general charges, rates penalties	11,947	13,008	1,061		13,325	14,664	15,704	16,201	16,219	16,367	16,277	16,436	16,643
Targeted rates	5,243	5,148	(95)		5,335	5,773	6,466	6,604	6,575	6,626	6,590	6,644	6,701
Subsidies and grants for operating purposes	430	410	(20)		1,039	426	435	444	453	464	475	487	499
Fees and charges	583	577	(6)		792	600	613	1,875	3,639	3,654	3,670	3,686	3,848
Internal charges and overheads recovered	72	-	(72)		-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-		-	-	-	-	-	-	-	-	-
Total operating funding (A)	**18,275**	**19,143**	**868**		**20,491**	**21,463**	**23,218**	**25,124**	**26,886**	**27,111**	**27,012**	**27,253**	**27,691**
Applications of operating funding													
Payments to staff and suppliers	3,510	4,072	562	1	4,356	4,373	4,552	4,381	4,630	4,771	4,919	5,079	5,249
Finance costs	211	276	65		921	1,664	3,192	4,146	4,253	4,155	4,084	4,075	3,972
Internal charges and overheads applied	1,049	1,024	(25)		1,057	1,075	1,161	1,215	1,252	1,277	1,281	1,273	1,314
Other operating funding applications	12,680	13,101	421	2	13,440	13,627	13,598	13,818	14,045	14,305	14,571	14,871	15,185
Total applications of operating funding (B)	**17,450**	**18,473**	**1,023**		**19,774**	**20,739**	**22,503**	**23,560**	**24,180**	**24,508**	**24,855**	**25,298**	**25,720**
Surplus (deficit) of operating funding (A - B)	**825**	**670**	**(155)**		**717**	**724**	**715**	**1,564**	**2,706**	**2,603**	**2,157**	**1,955**	**1,971**
Sources of capital funding													
Subsidies and grants for capital expenditure	-	1,914	1,914		-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	(798)	(363)	435		(690)	9,311	(564)	(1,535)	(2,676)	(2,572)	(2,125)	(1,921)	(1,936)
Gross proceeds from sales of assets	-	-	-		-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-		-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-		-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**(798)**	**1,551**	**2,349**		**(690)**	**9,311**	**(564)**	**(1,535)**	**(2,676)**	**(2,572)**	**(2,125)**	**(1,921)**	**(1,936)**
Applications of capital funding													
Capital expenditure													
- to meet additional demand	-	-	-		-	-	-	-	-	-	-	-	-
- to improve the level of service	26	2,119	2,093	3	25	10,024	128	24	24	24	24	25	26
- to replace existing assets	1	102	101		2	11	23	5	6	7	8	9	9
Increase (decrease) in reserves	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in investments	-	-	-		-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	**27**	**2,221**	**2,194**		**27**	**10,035**	**151**	**29**	**30**	**31**	**32**	**34**	**35**
Surplus (deficit) of capital funding (C - D)	**(825)**	**(670)**	**155**		**(717)**	**(724)**	**(715)**	**(1,564)**	**(2,706)**	**(2,603)**	**(2,157)**	**(1,955)**	**(1,971)**
Funding balance ((A - B) + (C - D))	-	-	-		-	-	-	-	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge	825	670	(155)		717	724	715	1,564	2,706	2,603	2,157	1,955	1,971

Notes to variances:

1. Grant of for $500k per year for 4 years to fund 'The Great War Exhibition' to commemorate the 100th anniversary of each year of World War at the Dominion Museum.

2. Inflation adjustments plus grant funding increases to Orchestra Wellington of $80k per year for the first three years of the plan, an additional $100k per year to the Royal New Zealand Ballet for the next ten years, and an extra $100k to support local arts projects through the Council's Arts and Culture Fund.

3. Funding for the upgrade of the Museum of Wellington City and Sea $2m.

FUNDING IMPACT STATEMENT
5.1 FOR RECREATION PROMOTION AND SUPPORT

	2014/15 AP $000	2015/16 LTP $000	Variance to LTP $000	Notes	2016/17 LTP $000	2017/18 LTP $000	2018/19 LTP $000	2019/20 LTP $000	2020/21 LTP $000	2021/22 LTP $000	2022/23 LTP $000	2023/24 LTP $000	2024/25 LTP $000
Sources of operating funding													
General rates, uniform annual general charges, rates penalties	24,001	25,083	1,082		25,575	25,655	26,566	26,764	27,516	28,189	28,191	28,478	29,191
Targeted rates	1,039	1,088	49		1,214	1,341	1,498	1,871	1,916	2,034	2,067	2,112	2,255
Subsidies and grants for operating purposes	398	200	(198)		204	208	212	217	221	227	232	238	244
Fees and charges	11,483	11,547	64		11,847	12,002	12,352	12,669	12,579	13,024	13,400	13,831	14,248
Internal charges and overheads recovered	1,051	1,116	65		1,136	1,160	1,183	1,209	1,236	1,265	1,296	1,329	1,365
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-		-	-	-	-	-	-	-	-	-
Total operating funding (A)	**37,972**	**39,034**	**1,062**		**39,976**	**40,366**	**41,811**	**42,730**	**43,468**	**44,739**	**45,186**	**45,988**	**47,303**
Applications of operating funding													
Payments to staff and suppliers	16,950	17,953	1,003	1	18,456	19,047	19,498	19,890	20,620	21,487	21,824	22,448	23,023
Finance costs	3,725	3,615	(110)		3,795	3,814	3,792	3,853	3,732	3,614	3,616	3,604	3,497
Internal charges and overheads applied	9,411	9,214	(197)		9,293	9,478	10,398	10,596	10,795	10,918	11,183	11,368	11,602
Other operating funding applications	650	663	13		678	694	712	731	751	774	797	824	851
Total applications of operating funding (B)	**30,736**	**31,445**	**709**		**32,222**	**33,033**	**34,400**	**35,070**	**35,898**	**36,793**	**37,420**	**38,244**	**38,973**
Surplus (deficit) of operating funding (A - B)	**7,236**	**7,589**	**353**		**7,754**	**7,333**	**7,411**	**7,660**	**7,570**	**7,946**	**7,766**	**7,744**	**8,330**
Sources of capital funding													
Subsidies and grants for capital expenditure	-	-	-		-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	(4,215)	736	4,951		(340)	(1,644)	6,340	(3,989)	(2,437)	(1,957)	(3,606)	(4,271)	(4,373)
Gross proceeds from sales of assets	-	-	-		-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-		-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-		-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**(4,215)**	**736**	**4,951**		**(340)**	**(1,644)**	**6,340**	**(3,989)**	**(2,437)**	**(1,957)**	**(3,606)**	**(4,271)**	**(4,373)**
Applications of capital funding													
Capital expenditure													
- to meet additional demand	123	-	(123)		-	-	-	-	-	-	-	-	-
- to improve the level of service	334	1,476	1,142	2	1,651	1,335	5,627	91	93	96	99	103	107
- to replace existing assets	2,564	6,849	4,285	3	5,763	4,354	8,124	3,580	5,040	5,893	4,061	3,370	3,850
Increase (decrease) in reserves	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in investments	-	-	-		-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	**3,021**	**8,325**	**5,304**		**7,414**	**5,689**	**13,751**	**3,671**	**5,133**	**5,989**	**4,160**	**3,473**	**3,957**
Surplus (deficit) of capital funding (C - D)	**(7,236)**	**(7,589)**	**(353)**		**(7,754)**	**(7,333)**	**(7,411)**	**(7,660)**	**(7,570)**	**(7,946)**	**(7,766)**	**(7,744)**	**(8,330)**
Funding balance ((A - B) + (C - D))	-	-	-		-	-	-	-	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge	7,324	7,589	265		7,754	7,333	7,411	7,660	7,570	7,946	7,766	7,744	8,330

Notes to variances:

1. Variance due to inflationary uplift on 2014/15 Annual Plan, plus operational funding for Keith Spry Pool which is reopening on completion of refurbishment.

2. Funding approved for upgrades to the Wellington Regional Aquatic Centre $627k, a commitment to contribute to the construction of an artificial turf at Karori Park $350k, plus planning funding for a third artificial pitch at the National Hockey Stadium $210k (construction to begin in Year 2 of the 2015-25 Long-term Plan).

3. Funding for the refurbishment at the Basin Reserve of the RA Vance Stand $2m, plus associated Western Precinct development $1.1m, both scheduled for Year 1 of the 2015-25 Long-term Plan. Also included is planned renewal maintenance of $450k to the pier at the Evans Bay Marina, and $350k of additional planned maintenance over 2014/15 Annual Plan budget levels.

FUNDING IMPACT STATEMENT
5.2 FOR COMMUNITY SUPPORT

	2014/15 AP $000	2015/16 LTP $000	Variance to LTP $000	Notes	2016/17 LTP $000	2017/18 LTP $000	2018/19 LTP $000	2019/20 LTP $000	2020/21 LTP $000	2021/22 LTP $000	2022/23 LTP $000	2023/24 LTP $000	2024/25 LTP $000
Sources of operating funding													
General rates, uniform annual general charges, rates penalties	21,755	22,792	1,037		24,366	26,687	28,199	28,317	29,284	30,163	31,360	31,754	30,406
Targeted rates	4,179	4,250	71		4,519	4,606	4,796	5,099	5,331	5,361	5,457	5,661	5,860
Subsidies and grants for operating purposes	1,296	969	(327)		934	937	-	-	-	-	-	-	-
Fees and charges	22,057	22,869	812	1	23,557	25,428	25,932	26,882	26,976	25,413	26,013	26,641	27,302
Internal charges and overheads recovered	1,287	1,171	(116)		820	600	496	496	579	1,149	1,166	1,181	1,207
Local authorities fuel tax, fines, infringement fees, and other receipts	659	586	(73)		551	526	503	483	465	450	436	425	435
Total operating funding (A)	**51,233**	**52,637**	**1,404**		**54,747**	**58,784**	**59,926**	**61,277**	**62,635**	**62,536**	**64,432**	**65,662**	**65,210**
Applications of operating funding													
Payments to staff and suppliers	26,166	26,470	304	2	26,304	26,914	27,356	28,101	28,961	30,350	31,203	32,502	33,427
Finance costs	(725)	(1,632)	(907)	3	(1,561)	(1,083)	(1,133)	(1,458)	(1,807)	(2,074)	(2,299)	(1,608)	(102)
Internal charges and overheads applied	10,410	11,542	1,132		11,968	12,392	13,375	13,840	14,268	14,583	14,542	13,748	14,094
Other operating funding applications	3,160	4,084	924	4	4,376	4,766	4,151	4,210	4,263	4,304	4,363	4,425	4,488
Total applications of operating funding (B)	**39,011**	**40,464**	**1,453**		**41,087**	**42,989**	**43,749**	**44,693**	**45,685**	**47,163**	**47,809**	**49,067**	**51,907**
Surplus (deficit) of operating funding (A - B)	**12,222**	**12,173**	**(49)**		**13,660**	**15,795**	**16,177**	**16,584**	**16,950**	**15,373**	**16,623**	**16,595**	**13,303**
Sources of capital funding													
Subsidies and grants for capital expenditure	32,036	20,668	(11,368)		17,777	200	-	-	-	-	-	-	-
Development and financial contributions	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	(5,059)	(3,771)	1,288		18,931	5,025	(2,003)	(7,637)	(8,681)	(4,016)	(6,730)	14,501	22,636
Gross proceeds from sales of assets	-	-	-		-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-		-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-		-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**26,977**	**16,897**	**(10,080)**		**36,708**	**5,225**	**(2,003)**	**(7,637)**	**(8,681)**	**(4,016)**	**(6,730)**	**14,501**	**22,636**
Applications of capital funding													
Capital expenditure													
- to meet additional demand	-	-	-		822	1,270	-	-	-	-	-	-	-
- to improve the level of service	32,284	26,139	(6,145)	5	25,050	9,802	4,738	1,996	1,340	2,615	4,189	25,204	29,793
- to replace existing assets	6,915	8,763	1,848	6	6,719	9,748	9,436	6,951	6,929	8,742	5,704	5,892	6,146
Increase (decrease) in reserves	-	(5,832)	(5,832)		17,777	200	-	-	-	-	-	-	-
Increase (decrease) in investments	-	-	-		-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	**39,199**	**29,070**	**(10,129)**		**50,368**	**21,020**	**14,174**	**8,947**	**8,269**	**11,357**	**9,893**	**31,096**	**35,939**
Surplus (deficit) of capital funding (C - D)	**(12,222)**	**(12,173)**	**49**		**(13,660)**	**(15,795)**	**(16,177)**	**(16,584)**	**(16,950)**	**(15,373)**	**(16,623)**	**(16,595)**	**(13,303)**
Funding balance ((A - B) + (C - D))	-	-	-		-	-	-	-	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge	15,730	15,318	(412)		16,409	17,594	19,218	18,489	18,786	19,827	20,300	21,332	21,098

Notes to variances:

1. Increase in budgeted revenue due to change in City Housing income assumption after revision of rental income model.

2. Cost increases due to inflationary pressures.

3. Deferring capital expenditure projects out of Year 1 of the 2015-25 Long-term Plan has reduced the interest cost.

4. Social and Recreation grants have increased over 2014/15 Annual Plan - additional funding for planning for the Alex Moore Park "Sportsville" concept $120k plus additional funding for other community projects; homelessness $60k, community centres $100k.

5. Funding for City Housing projects has been rephased as the housing upgrade programme progresses.

6. City Housing projects rephased into years 1 & 2 of 2015-25 Long-term Plan. Library computer system renewal project scheduled for Year 1 2015-25 Long-term Plan $2.6m, offset by City Housing renewal savings of $700k.

FUNDING IMPACT STATEMENT
5.3 FOR PUBLIC HEALTH AND SAFETY

	2014/15 AP $000	2015/16 LTP $000	Variance to LTP $000	Notes	2016/17 LTP $000	2017/18 LTP $000	2018/19 LTP $000	2019/20 LTP $000	2020/21 LTP $000	2021/22 LTP $000	2022/23 LTP $000	2023/24 LTP $000	2024/25 LTP $000
Sources of operating funding													
General rates, uniform annual general charges, rates penalties	8,266	9,540	1,274		9,674	10,045	10,697	11,201	11,506	11,742	12,201	12,484	13,032
Targeted rates	-	-	-		-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	25	25	-		25	26	27	27	28	28	29	30	30
Fees and charges	3,962	3,993	31		4,109	4,189	4,236	4,324	4,404	4,507	4,615	4,726	4,845
Internal charges and overheads recovered	676	664	(12)		676	690	704	719	735	753	771	791	812
Local authorities fuel tax, fines, infringement fees, and other receipts	52	39	(13)		39	40	41	42	43	44	45	46	47
Total operating funding (A)	**12,981**	**14,261**	**1,280**		**14,523**	**14,990**	**15,705**	**16,313**	**16,716**	**17,074**	**17,661**	**18,077**	**18,766**
Applications of operating funding													
Payments to staff and suppliers	8,284	9,012	728	1	9,098	9,438	9,651	10,030	10,265	10,467	10,804	11,150	11,571
Finance costs	76	91	15		100	118	138	147	152	156	166	188	193
Internal charges and overheads applied	3,980	4,386	406	2	4,479	4,528	4,882	5,049	5,178	5,240	5,371	5,414	5,564
Other operating funding applications	129	129	-		130	131	131	132	133	134	135	137	138
Total applications of operating funding (B)	**12,469**	**13,618**	**1,149**		**13,807**	**14,215**	**14,802**	**15,358**	**15,728**	**15,997**	**16,476**	**16,889**	**17,466**
Surplus (deficit) of operating funding (A - B)	**512**	**643**	**131**		**716**	**775**	**903**	**955**	**988**	**1,077**	**1,185**	**1,188**	**1,300**
Sources of capital funding													
Subsidies and grants for capital expenditure	-	-	-		-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	798	1,028	230		964	1,346	495	701	750	1,974	(12)	116	212
Gross proceeds from sales of assets	-	-	-		-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-		-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-		-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**798**	**1,028**	**230**		**964**	**1,346**	**495**	**701**	**750**	**1,974**	**(12)**	**116**	**212**
Applications of capital funding													
Capital expenditure													
- to meet additional demand	-	-	-		-	-	-	-	-	-	-	-	-
- to improve the level of service	206	110	(96)		489	253	47	175	158	893	262	271	281
- to replace existing assets	1,104	1,561	457	3	1,191	1,868	1,351	1,481	1,580	2,158	911	1,033	1,231
Increase (decrease) in reserves	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in investments	-	-	-		-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	**1,310**	**1,671**	**361**		**1,680**	**2,121**	**1,398**	**1,656**	**1,738**	**3,051**	**1,173**	**1,304**	**1,512**
Surplus (deficit) of capital funding (C - D)	**(512)**	**(643)**	**(131)**		**(716)**	**(775)**	**(903)**	**(955)**	**(988)**	**(1,077)**	**(1,185)**	**(1,188)**	**(1,300)**
Funding balance ((A - B) + (C - D))	-	-	-		-	-	-	-	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge	527	643	116		716	775	903	955	988	1,077	1,185	1,188	1,300

Notes to variances:

1. Inflationary cost increases, plus additional funding for the Safe City programme.

2. Increased cost of this activity attracts a higher allocation of corporate overheads.

3. Planned renewals funding for a new cremator to replace the existing plant at Karori Cemetery.

FUNDING IMPACT STATEMENT

6.1 FOR URBAN PLANNING, HERITAGE AND PUBLIC SPACES DEVELOPMENT

	2014/15 AP $000	2015/16 LTP $000	Variance to LTP $000	Notes	2016/17 LTP $000	2017/18 LTP $000	2018/19 LTP $000	2019/20 LTP $000	2020/21 LTP $000	2021/22 LTP $000	2022/23 LTP $000	2023/24 LTP $000	2024/25 LTP $000
Sources of operating funding													
General rates, uniform annual general charges, rates penalties	7,098	6,896	(202)		7,343	6,937	6,584	6,478	6,580	6,717	6,833	6,959	7,141
Targeted rates	-	-	-		-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-		-	-	-	-	-	-	-	-	-
Fees and charges	3,922	20	(3,902)	1	20	21	21	22	22	23	23	24	24
Internal charges and overheads recovered	310	-	(310)		-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-		-	-	-	-	-	-	-	-	-
Total operating funding (A)	**11,330**	**6,916**	**(4,414)**		**7,363**	**6,958**	**6,605**	**6,500**	**6,602**	**6,740**	**6,856**	**6,983**	**7,165**
Applications of operating funding													
Payments to staff and suppliers	7,775	2,857	(4,918)	2	2,639	2,438	2,499	2,289	2,292	2,356	2,425	2,501	2,582
Finance costs	573	15	(558)		17	20	24	26	28	30	33	38	40
Internal charges and overheads applied	3,040	3,233	193		3,396	3,439	3,621	3,725	3,822	3,897	3,948	3,994	4,093
Other operating funding applications	490	800	310	3	1,300	1,050	450	450	450	450	450	450	450
Total applications of operating funding (B)	**11,878**	**6,905**	**(4,973)**		**7,352**	**6,947**	**6,594**	**6,490**	**6,592**	**6,733**	**6,856**	**6,983**	**7,165**
Surplus (deficit) of operating funding (A - B)	**(548)**	**11**	**559**		**11**	**11**	**11**	**10**	**10**	**7**	**-**	**-**	**-**
Sources of capital funding													
Subsidies and grants for capital expenditure	-	-	-		-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	3,194	7,607	4,413		6,949	1,850	16,272	13,209	10,698	16,319	16,590	13,774	1,427
Gross proceeds from sales of assets	2,050	650	(1,400)		2,600	3,250	-	-	-	-	-	-	-
Lump sum contributions	-	-	-		-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-		-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**5,244**	**8,257**	**3,013**		**9,549**	**5,100**	**16,272**	**13,209**	**10,698**	**16,319**	**16,590**	**13,774**	**1,427**
Applications of capital funding													
Capital expenditure													
- to meet additional demand	-	-	-		-	-	-	-	-	-	-	-	-
- to improve the level of service	1,429	5,702	4,273	4	8,581	3,424	15,932	12,360	7,388	16,120	16,056	13,491	1,128
- to replace existing assets	3,267	2,566	(701)		979	1,687	351	859	3,320	206	534	283	299
Increase (decrease) in reserves	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in investments	-	-	-		-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	**4,696**	**8,268**	**3,572**		**9,560**	**5,111**	**16,283**	**13,219**	**10,708**	**16,326**	**16,590**	**13,774**	**1,427**
Surplus (deficit) of capital funding (C - D)	**548**	**(11)**	**(559)**		**(11)**	**(11)**	**(11)**	**(10)**	**(10)**	**(7)**	**-**	**-**	**-**
Funding balance ((A - B) + (C - D))	**-**	**-**	**-**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Expenses for this activity grouping include the following depreciation/amortisation charge	4,305	11	(4,294)		11	11	11	10	10	7	-	-	-

Notes to variances:

1. Income for this activity has been reduced due to reclassification of $1.25m if Waterfront parking services to Activity 7.2. Waterfront commercial property services has moved to Activity 10.1.

2. Waterfront Property Services costs have been moved into Activity 10.1 with other Council property management services.

3. Additional grant funding for Built Heritage Incentive Fund has been added to the first three years of the 2015-25 Long-term Plan, $560k in Year 1 and $600k in Years 2 and 3.

4. Funding for developing Frank Kitts Park and the Chinese Garden have been moved into Activity 6.1 from Activity 10.1.

FUNDING IMPACT STATEMENT
6.2 FOR BUILDING AND DEVELOPMENT CONTROL

	2014/15 AP $000	2015/16 LTP $000	Variance to LTP $000	Notes	2016/17 LTP $000	2017/18 LTP $000	2018/19 LTP $000	2019/20 LTP $000	2020/21 LTP $000	2021/22 LTP $000	2022/23 LTP $000	2023/24 LTP $000	2024/25 LTP $000
Sources of operating funding													
General rates, uniform annual general charges, rates penalties	7,319	9,449	2,130		9,538	9,893	10,736	11,139	11,340	11,566	11,621	11,604	12,011
Targeted rates	-	-	-		-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-		-	-	-	-	-	-	-	-	-
Fees and charges	12,655	12,027	(628)	1	12,159	11,908	12,160	12,412	12,687	12,985	13,294	13,615	13,959
Internal charges and overheads recovered	224	224	-		228	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	24	24	-		24	25	25	26	27	27	28	29	29
Total operating funding (A)	**20,222**	**21,724**	**1,502**		**21,949**	**21,826**	**22,921**	**23,577**	**24,054**	**24,578**	**24,943**	**25,248**	**25,999**
Applications of operating funding													
Payments to staff and suppliers	12,991	12,655	(336)	2	12,700	12,538	12,808	13,100	13,292	13,625	13,979	14,363	14,771
Finance costs	-	3	3		3	2	1	-	-	-	-	-	-
Internal charges and overheads applied	6,971	8,761	1,790	3	8,939	8,979	9,820	10,295	10,616	10,811	10,821	10,740	11,082
Other operating funding applications	135	135	-		136	137	138	139	141	142	143	145	146
Total applications of operating funding (B)	**20,097**	**21,554**	**1,457**		**21,778**	**21,656**	**22,767**	**23,534**	**24,049**	**24,578**	**24,943**	**25,248**	**25,999**
Surplus (deficit) of operating funding (A - B)	**125**	**170**	**45**		**171**	**170**	**154**	**43**	**5**	**-**	**-**	**-**	**-**
Sources of capital funding													
Subsidies and grants for capital expenditure	-	-	-		-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	17,526	5,770	(11,756)		6,331	25,938	24,429	5,125	273	304	294	284	254
Gross proceeds from sales of assets	-	-	-		-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-		-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-		-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**17,526**	**5,770**	**(11,756)**		**6,331**	**25,938**	**24,429**	**5,125**	**273**	**304**	**294**	**284**	**254**
Applications of capital funding													
Capital expenditure													
- to meet additional demand	-	-	-		-	-	-	-	-	-	-	-	-
- to improve the level of service	17,651	5,940	(11,711)	4	6,502	26,108	24,583	5,168	278	304	294	284	254
- to replace existing assets	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in reserves	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in investments	-	-	-		-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	**17,651**	**5,940**	**(11,711)**		**6,502**	**26,108**	**24,583**	**5,168**	**278**	**304**	**294**	**284**	**254**
Surplus (deficit) of capital funding (C - D)	**(125)**	**(170)**	**(45)**		**(171)**	**(170)**	**(154)**	**(43)**	**(5)**	**-**	**-**	**-**	**-**
Funding balance ((A - B) + (C - D))	**-**	**-**	**-**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Expenses for this activity grouping include the following depreciation/amortisation charge	125	170	45		171	170	154	43	5	-	-	-	-

Notes to variances:

1. Income from providing building consent and compliance services to Christchurch City Council have been reforecasted down from previously projected levels.

2. Budgeted expenditure on external contractors has been reduced from the 2014/15 Annual Plan.

3. Increase of $950k in information technology costs over 2014/15 Annual Plan as a result of improved asset information tracking plus increases in operational overheads.

4. After a Council review, earthquake strengthening projects have been merged into a wider programme of renewal and upgrade of the Civic Precinct. The Town Hall earthquake strengthening project is proposed to recommence in 2016/17 and be completed by 2019/20.

FUNDING IMPACT STATEMENT
7.1 FOR TRANSPORT

	2014/15 AP $000	2015/16 LTP $000	Variance to LTP $000	Notes	2016/17 LTP $000	2017/18 LTP $000	2018/19 LTP $000	2019/20 LTP $000	2020/21 LTP $000	2021/22 LTP $000	2022/23 LTP $000	2023/24 LTP $000	2024/25 LTP $000
Sources of operating funding													
General rates, uniform annual general charges, rates penalties	29,503	32,648	3,145		33,495	37,015	38,631	40,593	44,636	46,205	48,135	54,416	56,280
Targeted rates	33	33	-		33	33	33	33	33	33	33	33	33
Subsidies and grants for operating purposes	4,774	4,046	(728)	1	4,231	4,433	4,633	4,721	4,858	4,970	5,088	5,213	5,344
Fees and charges	2,100	2,042	(58)		2,080	2,121	2,166	2,211	2,260	2,313	2,368	2,425	2,487
Internal charges and overheads recovered	-	-	-		-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-		-	-	-	-	-	-	-	-	-
Total operating funding (A)	**36,410**	**38,769**	**2,359**		**39,839**	**43,602**	**45,463**	**47,558**	**51,787**	**53,521**	**55,624**	**62,087**	**64,144**
Applications of operating funding													
Payments to staff and suppliers	12,530	12,189	(341)	2	11,919	12,253	12,009	12,368	12,863	13,288	13,778	14,310	14,874
Finance costs	4,774	5,169	395		5,771	6,854	8,020	8,651	9,092	9,468	10,082	11,432	11,715
Internal charges and overheads applied	5,785	6,093	308		6,260	6,317	6,687	6,896	7,065	7,213	7,316	7,434	7,629
Other operating funding applications	10	515	505	3	2,760	260	10	10	10	10	10	10	10
Total applications of operating funding (B)	**23,099**	**23,966**	**867**		**26,710**	**25,684**	**26,726**	**27,925**	**29,030**	**29,979**	**31,186**	**33,186**	**34,228**
Surplus (deficit) of operating funding (A - B)	**13,311**	**14,803**	**1,492**		**13,129**	**17,918**	**18,737**	**19,633**	**22,757**	**23,542**	**24,438**	**28,901**	**29,916**
Sources of capital funding													
Subsidies and grants for capital expenditure	10,590	12,668	2,078		17,599	21,387	12,597	12,735	13,261	13,647	13,952	14,216	15,093
Development and financial contributions	539	539	-		539	539	539	539	539	539	539	539	539
Increase (decrease) in debt	13,272	10,563	(2,709)		9,557	13,184	11,284	10,130	15,709	8,480	16,665	9,700	9,306
Gross proceeds from sales of assets	-	-	-		-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-		-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-		-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**24,401**	**23,770**	**(631)**		**27,695**	**35,110**	**24,420**	**23,404**	**29,509**	**22,666**	**31,156**	**24,455**	**24,938**
Applications of capital funding													
Capital expenditure													
- to meet additional demand	1,765	1,580	(185)		-	5,260	1,864	5,129	3,339	4,396	5,934	7,782	1,594
- to improve the level of service	10,968	11,199	231		19,952	24,572	17,867	14,042	14,304	15,386	15,946	16,318	21,206
- to replace existing assets	24,979	25,794	815	4	20,872	23,196	23,426	23,866	34,623	26,426	33,714	29,256	32,054
Increase (decrease) in reserves	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in investments	-	-	-		-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	**37,712**	**38,573**	**861**		**40,824**	**53,028**	**43,157**	**43,037**	**52,266**	**46,208**	**55,594**	**53,356**	**54,854**
Surplus (deficit) of capital funding (C - D)	**(13,311)**	**(14,803)**	**(1,492)**		**(13,129)**	**(17,918)**	**(18,737)**	**(19,633)**	**(22,757)**	**(23,542)**	**(24,438)**	**(28,901)**	**(29,916)**
Funding balance ((A - B) + (C - D))	-	-	-		-	-	-	-	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge	22,285	22,646	361		23,012	25,292	26,204	26,987	30,088	30,937	31,912	36,334	37,333

Notes to variances:

1. Reduction in income due to change in NZTA funding allocation.

2. Reduction in costs due to savings in insurance and street lighting areas.

3. Funding for cycleways planning $250k, new transport initiatives; one month trials for a) $180k for capped weekend bus fares during December 2015 b) $75k to reduce off-peak student bus fares by 25%, . Also included is increased funding for cycleways planning of $250k.

4. The availability and use of improved asset information and asset management systems, these systems have resulted in better informed renewals spend. This has changed the timing of the asset replacement programme.

FUNDING IMPACT STATEMENT
7.2 FOR PARKING

	2014/15 AP $000	2015/16 LTP $000	Variance to LTP $000	Notes	2016/17 LTP $000	2017/18 LTP $000	2018/19 LTP $000	2019/20 LTP $000	2020/21 LTP $000	2021/22 LTP $000	2022/23 LTP $000	2023/24 LTP $000	2024/25 LTP $000
Sources of operating funding													
General rates, uniform annual general charges, rates penalties	(14,086)	(14,051)	35		(15,056)	(15,442)	(15,501)	(15,514)	(15,514)	(15,570)	(15,563)	(15,499)	(15,455)
Targeted rates	-	-	-		-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-		-	-	-	-	-	-	-	-	-
Fees and charges	18,316	19,899	1,583	1	20,561	21,023	21,544	21,914	22,400	22,926	23,472	24,039	24,646
Internal charges and overheads recovered	-	-	-		-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	7,706	7,556	(150)		7,853	8,038	8,208	8,379	8,564	8,765	8,974	9,191	9,423
Total operating funding (A)	**11,936**	**13,404**	**1,468**		**13,358**	**13,619**	**14,251**	**14,779**	**15,450**	**16,121**	**16,883**	**17,731**	**18,614**
Applications of operating funding													
Payments to staff and suppliers	9,850	10,346	496	2	10,589	10,776	11,066	11,344	11,649	11,997	12,357	12,778	13,203
Finance costs	17	479	462		581	770	865	953	1,223	1,505	1,798	2,090	2,383
Internal charges and overheads applied	1,593	1,987	394		2,003	2,013	2,244	2,326	2,394	2,435	2,442	2,443	2,500
Other operating funding applications	1	1	-		1	1	1	1	1	1	1	1	1
Total applications of operating funding (B)	**11,461**	**12,813**	**1,352**		**13,174**	**13,560**	**14,176**	**14,624**	**15,267**	**15,938**	**16,598**	**17,312**	**18,087**
Surplus (deficit) of operating funding (A - B)	**475**	**591**	**116**		**184**	**59**	**75**	**155**	**183**	**183**	**285**	**419**	**527**
Sources of capital funding													
Subsidies and grants for capital expenditure	-	-	-		-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	(295)	858	1,153		312	239	904	23	(71)	1,084	1,022	935	875
Gross proceeds from sales of assets	-	-	-		-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-		-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-		-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**(295)**	**858**	**1,153**		**312**	**239**	**904**	**23**	**(71)**	**1,084**	**1,022**	**935**	**875**
Applications of capital funding													
Capital expenditure													
- to meet additional demand	-	-	-		-	-	-	-	-	-	-	-	-
- to improve the level of service	30	1,449	1,419	3	496	114	117	120	112	128	132	137	142
- to replace existing assets	150	-	(150)		-	184	862	58	-	1,139	1,175	1,217	1,260
Increase (decrease) in reserves	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in investments	-	-	-		-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	**180**	**1,449**	**1,269**		**496**	**298**	**979**	**178**	**112**	**1,267**	**1,307**	**1,354**	**1,402**
Surplus (deficit) of capital funding (C - D)	**(475)**	**(591)**	**(116)**		**(184)**	**(59)**	**(75)**	**(155)**	**(183)**	**(183)**	**(285)**	**(419)**	**(527)**
Funding balance ((A - B) + (C - D))	-	-	-		-	-	-	-	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge	475	591	116		184	59	75	155	183	183	285	419	527

Notes to variances:

1. Waterfront parking services revenue of $1.25m moved from Activity 6.1 to Activity 7.2.

2. Funding for Waterfront parking services moved from Activity 6.1 coupled with additonal operational funding required to implement and operate the parking sensor service.

3. After a trial period, funding has been approved to install parking sensors across the city.

FUNDING IMPACT STATEMENT

10 ORGANISATIONAL

	2014/15 AP $000	2015/16 LTP $000	Variance to LTP $000	Notes	2016/17 LTP $000	2017/18 LTP $000	2018/19 LTP $000	2019/20 LTP $000	2020/21 LTP $000	2021/22 LTP $000	2022/23 LTP $000	2023/24 LTP $000	2024/25 LTP $000
Sources of operating funding													
General rates, uniform annual general charges, rates penalties	(14,310)	(12,425)	1,885		(8,709)	(6,851)	(4,830)	(4,465)	(3,876)	(4,800)	(3,770)	(4,407)	(4,567)
Targeted rates	-	-	-		-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-		-	-	-	-	-	-	-	-	-
Fees and charges	26,544	29,793	3,249		29,927	30,219	30,095	31,583	33,825	36,088	36,260	39,043	40,262
Internal charges and overheads recovered	35,734	34,577	(1,157)		33,786	34,130	34,675	35,297	36,062	36,862	37,774	38,749	39,811
Local authorities fuel tax, fines, infringement fees, and other receipts	1,100	1,050	(50)		1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050
Total operating funding (A)	**49,068**	**52,995**	**3,927**		**56,054**	**58,548**	**60,990**	**63,465**	**67,061**	**69,200**	**71,314**	**74,435**	**76,556**
Applications of operating funding													
Payments to staff and suppliers	57,639	71,091	13,452	1	70,678	68,141	71,405	73,050	73,745	73,903	75,404	77,436	78,405
Finance costs	1,514	1,829	315		3,255	5,026	5,879	6,314	6,577	6,728	6,921	7,222	7,185
Internal charges and overheads applied	(24,418)	(30,727)	(6,309)		(33,066)	(34,172)	(39,385)	(41,433)	(42,596)	(42,563)	(42,624)	(41,387)	(42,414)
Other operating funding applications	100	100	-		100	100	100	100	1,100	1,100	1,100	1,100	1,100
Total applications of operating funding (B)	**34,835**	**42,293**	**7,458**		**40,967**	**39,095**	**37,999**	**38,031**	**38,826**	**39,168**	**40,801**	**44,371**	**44,276**
Surplus (deficit) of operating funding (A - B)	**14,233**	**10,702**	**(3,531)**		**15,087**	**19,453**	**22,991**	**25,434**	**28,235**	**30,032**	**30,513**	**30,064**	**32,280**
Sources of capital funding													
Subsidies and grants for capital expenditure	-	-	-		-	-	1,989	-	-	-	-	-	-
Development and financial contributions	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	30,206	15,148	(15,058)		24,146	7,595	(10,801)	(9,165)	(12,042)	(11,104)	(16,587)	(15,615)	(16,706)
Gross proceeds from sales of assets	2,000	2,000	-		5,000	15,100	9,500	2,000	2,000	2,000	2,000	2,000	2,000
Lump sum contributions	-	-	-		-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-		-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**32,206**	**17,148**	**(15,058)**		**29,146**	**22,695**	**688**	**(7,165)**	**(10,042)**	**(9,104)**	**(14,587)**	**(13,615)**	**(14,706)**
Applications of capital funding													
Capital expenditure													
- to meet additional demand	-	-	-		-	-	-	-	-	-	-	-	-
- to improve the level of service	1,990	2,370	380	2	16,304	16,113	7,203	1,855	2,137	4,094	2,033	2,104	2,179
- to replace existing assets	16,007	15,437	(570)	3	17,269	18,641	11,701	13,160	13,783	15,232	12,769	13,682	15,168
Increase (decrease) in reserves	28,442	10,043	(18,399)		10,660	7,394	4,775	3,254	2,273	1,602	1,124	663	227
Increase (decrease) in investments	-	-	-		-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	**46,439**	**27,850**	**(18,589)**		**44,233**	**42,148**	**23,679**	**18,269**	**18,193**	**20,928**	**15,926**	**16,449**	**17,574**
Surplus (deficit) of capital funding (C - D)	**(14,233)**	**(10,702)**	**3,531**		**(15,087)**	**(19,453)**	**(22,991)**	**(25,434)**	**(28,235)**	**(30,032)**	**(30,513)**	**(30,064)**	**(32,280)**
Funding balance ((A - B) + (C - D))	-	-	-		-	-	-	-	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge	7,921	12,776	4,855		13,696	14,846	18,106	20,091	21,599	23,027	23,265	22,275	23,842

Notes to variances:

1. Increases due to Wellington Waterfront operations movement from Activity 6.1 to Activity 10.1 $3.3m, funding Council self-insurance of $1.5m for each year of the 2015-25 Long-term Plan, funding information technology programmes including a contibution to the regional shared services platform of $3.4m. Costs associated with the earthquake strengthening and refurbishment of the civic campus including building maintenance and renting alternate accommodation for Council employees $1.65m. Internal funding has increased for managing infrastructure projects $1m, and staff training budgets of $750k have been centralised into this activity from across Council.

2. Funding increased for civic campus resilience and efficiency improvements.

3. Budget reduced due to focus of work on civic campus buildings changing from renewal of facilities to building resilience upgrades.

2015-25 LTP Funding Impact Statement — Rating Mechanisms

Rates

Rates are a property tax to fund local government activities. Rates are assessed under the Local Government (Rating) Act 2002 (the Act) on rating units in the Rating Information Database. Where rates requirements are allocated based on property value, the capital value of the property as assessed by the Council's valuation services provider will apply. The latest city-wide revaluation was carried out as at 1 September 2012. This revaluation remains effective for the 2015/16 rating year, except where subsequent maintenance valuations have been required under valuation rules or the Council's rating policies.

City-wide revaluations are performed every three years. The next city-wide revaluation will be carried out as at 1 September 2015 and will be effective for the 2016/17 rating year and the two consecutive rating years (subject again to subsequent maintenance valuations).

Policy objective:

- To provide the Council with adequate income to carry out its mission and objectives.
- To support the Council's achievement of its strategic objectives.
- To be simply administered, easily understood, allow for consistent application and generate minimal compliance costs.
- To spread the incidence of rates as equitably as possible by balancing the level of service provided by the Council with ability to pay and the incidence of costs in relation to benefits received.
- To be neutral in that it does not encourage people to redirect activity in order to avoid its impact.
- To reflect the decisions of the Council's policies and rating reviews.

General Rates

General rates are set under section 13 of the Act on all rateable rating units in the City of Wellington.

The Council proposes to set a general rate based on the capital value of each rating unit within the city.

The general rate will be set on a differential basis, based on land use. All rating units (or part thereof) will be classified for the purposes of general rates within one of the following rating differentials.

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Differential Rating Categories

Base Differential

This includes:

a. Separately rateable land used solely for one or more household units; excluding those properties that provide short stay (28 days or less) commercial accommodation for which a tariff is charged
b. Vacant land zoned residential
c. Rural land (including farmland and lifestyle blocks) under the District Plan that is administered by the Council, but excluding any rating unit that is used for rural industrial purposes
d. Separately-rateable land occupied by a charitable organisation which is deemed by the Council to be used exclusively or principally for sporting, recreation or community purposes and that does not generate any private pecuniary profit.

This category has a general rate differential rating factor of 1.0.

Commercial, Industrial and Business Differential

This includes:

a. Separately-rateable land used for a commercial or industrial purpose
b. Vacant land zoned commercial, industrial or rural industrial under the District Plan administered by the Council
c. Land used for offices, administrative and/or associated functions
d. Land used for commercial accommodation for which a tariff is charged and where the principal purpose is the provision of short stay (28 days or less) accommodation
e. Business-related premises used principally for private pecuniary benefit
f. Utility networks
g. Any property not otherwise categorised within the Base Differential.

This category has a general rate differential rating factor of 2.8.

Differential Rating Category Conditions

Differential rating 2.8:1 Commercial:Base

- The differential apportionment for the commercial, industrial and business sector is 2.8 times the General rate per dollar of capital value payable by those properties incorporated under the Base (Residential) differential. No changes are proposed to the differential apportionment in 2015/16.
- The separated parts of a rating unit will be differentially rated where a part of the property is non-rateable or the property fits under one or more rating differential and either:
    a) The total capital value of the rating unit is above $800,000 or
    b) Minority use(s) account for more than 30 percent of the total capital value of the rating unit.

  In any other case, the General rate differential is determined by principal use.

- In regard to the rates attributable to a rating unit during the transition period between two differential rating categories, a ratepayer may apply for a change in rating category at any time between the lodgement of a building consent application with the Council (on the condition that the principal prior use has ended) and the earlier of either:
    a) The time at which the Council gives final approval of the completed works, or

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b) The property is deemed (by the Council) to be available for its intended use.

- In situations where the change in land use does not require a Council consent, but warrants a change in differential rating category, the onus is on the ratepayer to inform the Council prior to the property being utilised under the new use.
- The rating differential classification of all rating units must be set prior to the commencement of a rating year and will remain in place for that entire rating year. Any change in circumstances that results in a change of differential classification during a rating year will apply from 1 July of the following rating year.
- Any property eligible for mandatory 50 percent non-rateability under Part 2, Schedule 1, of the Act, will be first classified under the appropriate General rate differential classifications and the non-rateability applied to that rate.

Uniform Annual General Charge

The Council does not assess a uniform annual general charge.

NON-RATEABLE LAND

Non-Rateable

Includes any land referred to in Part 1, Schedule 1 of the Act. This land is non-rateable with the exception of targeted rates solely for sewerage and water where the service is provided.

50 Percent Non-Rateable

Includes all land referred to in Part 2, Schedule 1 of the Act. This land is 50 percent non-rateable in respect of the rates that apply, with the exception of targeted rates for sewerage and water for which the land is fully rateable if the service is provided.

Targeted Rates

Targeted rates are set under section 16 of the Act.

The Council has not adopted any lump sum contribution schemes under part 4A of the Act in respect of its targeted rates, and will not accept lump sum contributions in respect of any targeted rate.

Sewerage Rate

Targeted sewerage rates are to be apportioned 60 percent:40 percent of rates between properties incorporated under the Base differential and the Commercial, Industrial and Business differential in accordance with the Revenue and Financing Policy. This rate pays for the cost of the provision of the sewerage treatment facilities for the city.

For the purposes of these rates the sewerage collection and disposal service is treated as being provided if the rating unit is connected to a public sewerage drain (either directly or indirectly), irrespective of whether the property is considered fully rateable or is mandatory non-rateable or 50 percent non-rateable under Schedule 1 of the Act.

The targeted Sewerage rate is calculated as follows:

For rating units incorporated in the Commercial, Industrial and Business differential:

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A rate per dollar of capital value on all rating units connected to a public sewerage drain, to collect 40 percent of the required rates funding, after having deducted the total dollar amount budgeted to be collected through Trade Waste Charges (excluding consent fees).

For rating units incorporated in the Base differential:

A fixed amount per annum per rating unit for administration, plus a rate per dollar of capital value on all rating units connected to a public sewerage drain, to collect 60 percent of the required rate funding.

Water Rate

A targeted rate for water is to be apportioned with the aim of achieving a 60 percent:40 percent split between properties incorporated under the Base differential and the Commercial, Industrial and Business differential in accordance with the Revenue and Financing Policy.

This rate pays for water collection and treatment facilities, the water distribution network and water conservation for the city.

This rate is set on all rating units serviced by a water connection.

For the purposes of these rates, the water service is treated as being provided if the rating unit is connected to the public water supply (either directly or indirectly), irrespective of whether the property is considered fully rateable or is mandatorily non-rateable or 50 percent non-rateable under Schedule 1 or 2 of the Act.

The targeted Water rate is calculated as follows:

For rating units incorporated in the Commercial, Industrial and Business differential, either:

a) A consumption unit rate per cubic metre of water used for all rating units connected to the public water supply with a water meter installed, plus a fixed amount per annum per rating unit for administration.

Or

b) A rate per dollar of capital value on all rating units connected to the public water supply, without a water meter installed.

For rating units rated incorporated in the Base differential, either:

a) A consumption unit rate per cubic metre of water used for all rating units connected to the public water supply with a water meter installed, plus a fixed amount per annum per rating unit for administration.

Or

b) A fixed amount per annum per rating unit for administration, plus a rate per dollar of capital value on all rating units connected to the public water supply without a water meter installed, to collect the required Base differential contribution.

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Stormwater Network Rate

A targeted stormwater rate is to be apportioned 77.5 percent to the non-rural rating units incorporated under the Base differential and 22.5 percent to the non-rural rating units incorporated under the Commercial, Industrial and Business differential in accordance with the Revenue and Financing Policy.

This rate pays for the cost of the provision of the stormwater collection/disposal network for the city.

Properties classified as rural under the Council's District Plan are excluded from the liability of this rate.

The targeted Stormwater network rate is calculated as follows:

For non-rural rating units incorporated in the Commercial, Industrial and Business differential:

A rate per dollar of capital value to collect 22.5 percent of the required rates funding.

For non-rural rating units incorporated in the Base differential:

A rate per dollar of capital value to collect 77.5 percent of the required rates funding.

Commercial, Industrial and Business Sector Targeted Rate

This rate pays for activities where the Council's Revenue and Financing Policy identifies that the benefit can be attributed to the commercial, industrial and business sector and where the activity is not incorporated in other service related targeted rates. This incorporates the following:

- 30 percent of the cost of the Wellington Regional Economic Development Agency (WREDA) and Venues. This is the equivalent of 100 percent funding of the events attraction and support activity within WREDA.

This rate is assessed on all properties incorporated in the commercial, industrial and business sector and is calculated on a rate per dollar of rateable capital value.

Base Sector Targeted Rate

This rate pays for activities where the Council's Revenue and Financing Policy identifies that the benefit can be attributed to properties incorporated under the Base differential rating category (incorporating residential ratepayers). This incorporates the following activities:

- 100 percent of the facilitation of community environmental initiatives, cultural grants, facilitation of recreation partnerships and community advocacy activities.
- 95 percent of the provision of community centres and halls activities.
- 60 percent of the provision of the water network, collection and treatment, and the sewage collection, treatment and disposal network activities.
- 77.5 percent of the stormwater management activity.

This rate is assessed on all properties incorporated under the Base differential rating category and is calculated on a rate per dollar of rateable capital value.

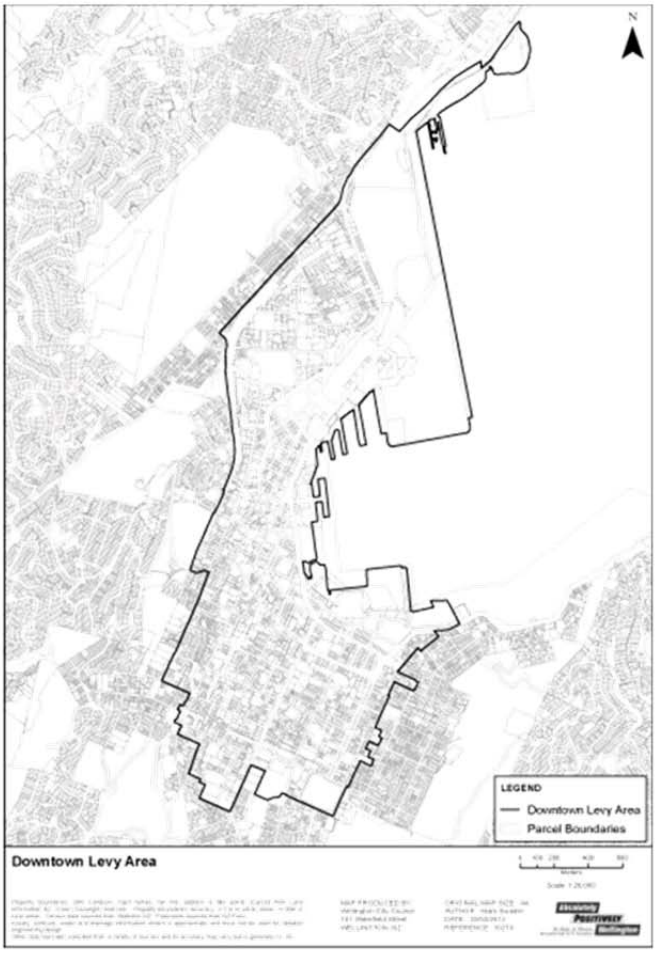
Downtown Targeted Rate

This rate pays for tourism promotion and retail support (free weekend parking). It also pays for:

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- 50 percent of the cost of the Wellington Regional Economic Development Agency (WREDA) and Venues activities
- 40 percent of the cost of the Wellington Convention Centre activity
- 100 percent of retail support (free weekend parking) activity
- 70 percent of the visitor attractions activity
- 25 percent of galleries and museums activity.

This rate is assessed on all commercial, industrial and business properties in the downtown area and is calculated on a rate per dollar of rateable capital value. For the purposes of this rate, the downtown area refers to the area as described by the Downtown Area map as follows:



Tawa Driveways Targeted Rate

This rate pays for the maintenance of a specified group of residential access driveways in the suburb of Tawa, overseen by the Council. This rate is assessed on a specific group of rating units that have shared access driveway that are maintained by Council in the former Tawa Borough at a fixed amount per annum per rating unit.

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Marsden Village Targeted Rate

This rate is collected by the Council on behalf of the Marsden Village Association on all commercial, industrial and business properties in the Marsden shopping village (see map below) and is calculated on a rate per dollar of capital value to fund the maintenance of the area.



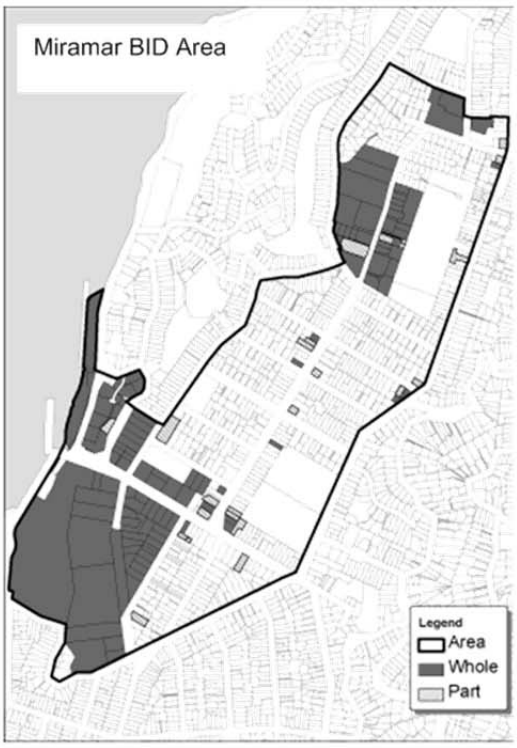
Miramar Business Improvement District Targeted Rate

This rate is set by Council to fund the Business Improvement District activities of Enterprise Miramar Peninsula Incorporated.

The category of land for which this rate is set is on all rating units within the Miramar Business Improvement District (see map) which are subject to the "commercial, industrial and business" differential, but excluding any rating unit that is a substation or used by local or central government for a non-business purpose.

Liability for this rate is calculated as a fixed amount per rating unit, plus a rate per dollar of capital value for any capital value over $1 million per rating unit.

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Khandallah Business Improvement District Targeted Rate

This rate is set by Council to fund the Business Improvement District activities of the Khandallah Business Association Incorporated.

The category of land for which this rate is set is on all rating units within the Khandallah Business Improvement District (see map) which are subject to the "commercial, industrial and business" differential, but excluding any rating unit that is a substation.

Liability for this rate is calculated as a rate per dollar of rateable capital value.

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Indicative Rates

The following table shows the indicative residential and commercial property rates inclusive of GST for a selection of billing categories for 2015-16:

Indicative residential property rates (for properties without a water meter)		
Capital Values $	**2015/16 Rates $**	**Increase over 2014/15 %**
200,000	1,122	4.13%
300,000	1,542	4.53%
400,000	1,963	4.75%
500,000	2,383	4.90%
600,000	2,804	5.00%
700,000	3,224	5.08%
800,000	3,645	5.14%
900,000	4,065	5.18%
1,000,000	4,486	5.22%
1,100,000	4,906	5.25%
1,200,000	5,326	5.28%
1,300,000	5,747	5.30%
1,400,000	6,167	5.32%
1,500,000	6,588	5.34%
1,600,000	7,008	5.35%
1,700,000	7,429	5.37%
1,800,000	7,849	5.38%

Indicative suburban commercial property rates (for properties with a water meter). This excludes water by consumption which is charged on actual usage.		
Capital Values $	**2015/16 Rates $**	**Increase over 2014/15 %**
1,000,000	9,995	6.67%
1,250,000	12,462	6.69%
1,500,000	14,928	6.70%
1,750,000	17,395	6.71%
2,000,000	19,862	6.72%
2,250,000	22,328	6.72%
2,500,000	24,795	6.73%
2,750,000	27,261	6.73%
3,000,000	29,728	6.73%
3,250,000	32,195	6.74%
3,500,000	34,661	6.74%
3,750,000	37,128	6.74%
4,000,000	39,594	6.74%
4,250,000	42,061	6.74%
4,500,000	44,528	6.74%
4,750,000	46,994	6.74%
5,000,000	49,461	6.75%

Indicative downtown commercial property rates (for properties with a water meter). This excludes water by consumption which is charged on actual usage.		
Capital Values $	**2015/16 Rates $**	**Increase over 2014/15 %**
1,000,000	12,204	5.43%
1,250,000	15,222	5.44%
1,500,000	18,241	5.45%
1,750,000	21,260	5.45%
2,000,000	24,279	5.46%
2,250,000	27,297	5.46%
2,500,000	30,316	5.46%
2,750,000	33,335	5.47%
3,000,000	36,354	5.47%
3,250,000	39,372	5.47%
3,500,000	42,391	5.47%
3,750,000	45,410	5.47%
4,000,000	48,429	5.47%
4,250,000	51,447	5.47%
4,500,000	54,466	5.48%
4,750,000	57,485	5.48%
5,000,000	60,504	5.48%

Rating Unit Projection

The following table shows the projected residential and commercial rating units over the period of the Long-term Plan:

Rating Sector	2015/16	2016/17	207/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Base (Residential)	71,512	72,370	73,456	74,558	75,900	76,810	77,578	78,354	78,981	79,613
Commercial, Industrial & Business	5,376	5,441	5,522	5,605	5,706	5,774	5,832	5,890	5,937	5,985
Total Rateable Units	**76,888**	**77,811**	**78,978**	**80,162**	**81,605**	**82,585**	**83,411**	**84,245**	**84,919**	**85,598**

Source-Notes style

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Funding Impact Statement (excluding GST)

Rate	Category	Factor	Differential Charge Type	Total Value of Factor	Rate / Charge	Rates Yield GST exclusive $000
General Rate	Base (Residential)	Capital Value	Base differential use	$36,978,901,000	c0.223675	$82,713
	Commercial, Industrial & Business	Capital Value	Commercial, industrial & business use	$10,917,500,000	c0.625510	$68,290
	Total					**$151,003**
Sewerage targeted rate	Base (Residential)	Fixed amount / rating unit	Base differential use per connection status	67261 properties	$106.60	$7,170
		Capital Value	Base differential use per connection status	$39,305,293,000	c0.042882	$16,855
	Commercial, Industrial & Business	Capital Value	Commercial, industrial and business use per connection status	$9,278,961,000	c0.144413	$13,400
	Total					**$37,425**
Water targeted rate	Base (Residential) (without water meter)	Fixed amount / rating unit	Base differential use per connection status without a water meter	59317 properties	$137.70	$8,168
		Capital Value	Base differential use per connection status without a water meter	$31,725,203,000	c0.045198	$14,339
	Base (Residential) (with water meter)	Consumption unit charge	Base differential use per connection status with a water meter	n/a	$1.944 / m3	$392
		Fixed amount / rating unit	Base differential use per connection status with a water meter	n/a	$111.90	$76
	Commercial, Industrial & Business (without water meter)	Capital Value	Commercial, industrial and business use per connection status without a water meter	$562,304,000	c0.405475	$2,280
	Commercial, Industrial & Business (with water meter)	Consumption unit charge	Commercial, industrial and business use per connection status with a water meter	n/a	$1.944 / m3	$12,684
		Fixed amount / rating unit	Commercial, industrial and business use per connection status with a water meter	n/a	$111.90	$352
	Total					**$38,291**
Stormwater targeted rate	Base (Residential excluding rural)	Capital Value	Base differential use (excluding rural)	$36,458,694,000	c0.037078	$13,518
	Commercial, Industrial & Business (excluding rural)	Capital Value	Commercial, industrial and business use (excluding rural)	$9,654,642,000	c0.040644	$3,924

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	Total					**$17,442**
Base sector targeted rate	Base (Residential)	Capital Value	Residential use	$36,923,649,000	c0.016781	**$6,196**
Commercial sector targeted rate	Commercial, Industrial & Business	Capital Value	Commercial, industrial & business use	$10,887,500,000	c0.047385	**$5,159**
Downtown targeted rate	Commercial, Industrial & Business	Capital Value	Commercial, industrial & business use located in the downtown area	$7,416,843,000	c0.192049	**$14,244**
Tawa driveways targeted rate	Base (Residential)	Fixed amount / rating unit	Shared residential access driveways in maintained by Council in the suburb of Tawa (extent of provision of service)	251 properties	$133.33	**$33**
Marsden Village targeted rate	Commercial, Industrial & Business	Capital Value	Commercial, industrial & business use located in Marsden shopping village area	$11,905,000	c0.121538	**$14**
Khandallah Business Improvement District targeted rate	Commercial, Industrial & Business	Capital Value	Commercial, industrial & business use located in the Khandallah Business Improvement District area	$13,215,000	c0.151343	**$20**
Mirarmar Business Improvement District targeted rate	Commercial, Industrial & Business	Fixed amount / rating unit	Commercial, industrial & business use located in the Mirarmar Business Improvement District area	128 properties	$365.00	$47
		Capital Value over $1,000,000 per rating unit	Commercial, industrial & business use located in the Mirarmar Business Improvement District area for all capital value over $1,000,000 CV per rating unit	$84,170,000	c0.039539	$33
	Total					**$80**
Total Rates Requirement (excluding GST)						**$269,908**

Source-Notes style

NOTE: When rates for 2015/16 are assessed, GST will be applied to the final rates. The total rates requirment includes rates remissions but excludes rates penalties which are budgeted separately

Rates Remission and Postponement Policies

Refer to the Council Rates Remission and Postponement Policies. Changes to the rates remission policy are described on page xx.

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PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

	2014/15 AP $000	2015/16 LTP $000	Variance to LTP $000	Notes	2016/17 LTP $000	2017/18 LTP $000	2018/19 LTP $000	2019/20 LTP $000	2020/21 LTP $000	2021/22 LTP $000	2022/23 LTP $000	2023/24 LTP $000	2024/25 LTP $000
REVENUE													
Revenue from rates	255,266	270,904	15,638		283,929	302,400	324,663	340,603	359,250	373,261	385,657	403,149	413,352
Revenue from development contributions	2,000	2,000	-		2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Revenue from grants, subsidies and reimbursements	51,090	42,511	(8,579)	1	43,071	28,578	21,447	19,271	20,332	20,875	21,341	21,773	22,826
Revenue from operating activities	119,913	121,287	1,374	2	125,133	127,764	130,677	135,654	139,116	139,818	143,884	146,932	150,561
Investments	20,215	20,135	(80)		20,089	20,124	19,319	20,217	22,260	25,010	25,734	28,934	30,694
Fair value movement on investment property revalaution	-	3,665	3,665	3	4,324	4,821	5,143	5,482	6,057	6,449	6,865	7,543	8,027
Other revenue	1,100	1,050	(50)		1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050
Finance revenue	603	637	34		650	663	732	825	916	961	1,012	1,076	1,142
TOTAL REVENUE	**450,187**	**462,189**	**12,002**		**480,246**	**487,400**	**505,031**	**525,102**	**550,981**	**569,424**	**587,543**	**612,457**	**629,652**
EXPENSE													
Finance expense	23,041	22,961	(80)	4	27,479	34,055	40,497	44,117	45,775	48,216	51,737	57,154	59,460
Expenditure on operating activities	298,596	316,330	17,734	5	330,149	330,519	334,516	347,609	359,593	373,228	384,026	395,050	407,364
Depreciation and amortisation	102,165	99,797	(2,368)		102,250	108,742	114,681	118,322	127,955	131,788	133,873	142,169	145,709
TOTAL EXPENSE	**423,802**	**439,088**	**15,286**		**459,878**	**473,316**	**489,694**	**510,048**	**533,323**	**553,232**	**569,636**	**594,373**	**612,533**
NET SURPLUS FOR THE YEAR	**26,385**	**23,101**	**(3,284)**		**20,368**	**14,084**	**15,337**	**15,054**	**17,658**	**16,192**	**17,907**	**18,084**	**17,119**
OTHER COMPREHENSIVE REVENUE AND EXPENSE													
Fair value movement - property, plant and equipment - net	57,073	-	(57,073)		-	-	-	-	-	-	-	-	-
TOTAL OTHER COMPREHENSIVE REVENUE AND EXPENSE	**57,073**	**-**	**(57,073)**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL COMPREHENSIVE REVENUE AND EXPENSE	**83,458**	**23,101**	**(60,357)**		**20,368**	**14,084**	**15,337**	**15,054**	**17,658**	**16,192**	**17,907**	**18,084**	**17,119**

Notes to variances:

1. increase in funding from Housing New Zealand for the Housing Upgrade Programme.

2. Details of specific changes to revenue from activities can be found in the Funding Impact Statements.

3. The impact of investment property revaluations. This is expected at a rate of half the property inflator detailed in the significant forecasting assumptions

4. Debt levels have increased between 2014/15 and 2015/16 but interest rates have decreased creating a modest interest increase.

5. Details of specific changes to operational costs can be found in the Funding Impact Statements.

PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

6. EXPLANATION OF NET OPERATING SURPLUS	2015/16 LTP	2016/17 LTP	2017/18 LTP	2018/19 LTP	2019/20 LTP	2020/21 LTP	2021/22 LTP	2022/23 LTP	2023/24 LTP	2024/25 LTP
EXPENDITURE NOT FUNDED UNDER SECTION 100 OF LGA	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
TOTAL SURPLUS	**23,101**	**20,368**	**14,084**	**15,337**	**15,054**	**17,658**	**16,192**	**17,907**	**18,084**	**17,119**
Represented by:										
NZTA Transport funded projects	(7,843)	(7,595)	(7,586)	(7,679)	(7,566)	(7,543)	(7,607)	(7,686)	(7,645)	(7,629)
General	(834)	(90)	(80)	(70)	(60)	(50)	(40)	(30)	(20)	(10)
Clearwater sewerage treatment plant	(2,955)	(2,955)	(3,174)	(3,174)	(3,174)	(3,443)	(3,442)	(3,442)	(3,771)	(3,771)
Decommissioned Living Earth joint venture plant	(198)	(198)	(210)	(210)	(210)	(220)	(196)	(192)	(211)	(211)
Wellington Waterfront Limited depreciation	(3,654)	(3,297)	(3,122)	(2,857)	(2,399)	(2,015)	(1,645)	(1,182)	(641)	0
TOTAL EXPENDITURE NOT FUNDED UNDER SECTION 100 OF LGA	**(15,483)**	**(14,135)**	**(14,172)**	**(13,990)**	**(13,409)**	**(13,270)**	**(12,930)**	**(12,533)**	**(12,289)**	**(11,621)**
REVENUE RECEIVED FOR CAPITAL PURPOSES										
NZTA capital funding	12,668	17,599	21,387	12,597	12,735	13,261	13,647	13,952	14,216	15,093
Ring-fenced housing capital grant and surplus	17,731	15,590	(1,330)	(3,081)	(1,955)	(1,896)	(4,524)	(3,757)	(4,827)	(7,895)
Development contributions	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Bequests, trust and other external funding	2,690	0	50	600	150	507	507	507	507	507
TOTAL REVENUE RECEIVED FOR CAPITAL PURPOSES	**35,090**	**35,190**	**22,107**	**12,116**	**12,930**	**13,871**	**11,630**	**12,702**	**11,896**	**9,705**
ITEMS FUNDED FROM PRIOR YEAR SURPLUSES										
Economic Development Fund	(3,000)	(3,000)	(1,500)	0	0	0	0	0	0	0
Lyall Bay operational grant	(350)	0	0	0	0	0	0	0	0	0
TOTAL ITEMS FUNDED FROM PRIOR YEAR SURPLUS	**(3,350)**	**(3,000)**	**(1,500)**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
ADDITIONAL ITEMS										
Weathertight Homes funding	6,661	7,226	7,226	7,226	7,226	8,124	8,124	8,124	8,124	8,132
ICT Infrastructure project	(2,880)	(2,730)	305	305	305	305	305	305	305	305
Ocean Exploration Centre	0	0	(6,000)	883	883	883	883	883	883	883
Cable car	0	(2,288)	212	212	212	212	212	212	212	212
Westpac Stadium	0	(4,575)	425	425	425	425	425	425	425	425
Alex Moore Park	(108)	(472)	(190)	110	110	110	110	110	110	110
Odyssey	(1,079)	221	221	221	221	221	220	0	0	0
Reserves purchases and development fund	(39)	(30)	(24)	(11)	(11)	0	0	0	0	0
Unrealised fair value adjustment for loans and receivables	624	637	650	706	680	718	763	814	873	939
Fair value movement on investment property revaluation	3,665	4,324	4,821	7,133	5,482	6,057	6,449	6,865	7,543	8,027
TOTAL ADDITIONAL ITEMS	**6,844**	**2,312**	**7,647**	**17,209**	**15,532**	**17,055**	**17,491**	**17,738**	**18,475**	**19,033**
BALANCED BUDGET UNDER SECTION 100 OF LGA	**0**	**1**	**2**	**1**	**1**	**2**	**0**	**(1)**	**2**	**2**

PROSPECTIVE STATEMENT OF FINANCIAL POSITION

	2014/15 AP $000	2015/16 LTP $000	Variance to LTP $000	Notes	2016/17 LTP $000	2017/18 LTP $000	2018/19 LTP $000	2019/20 LTP $000	2020/21 LTP $000	2021/22 LTP $000	2022/23 LTP $000	2023/24 LTP $000	2024/25 LTP $000
ASSETS													
Current assets													
Cash and cash equivalents	2,389	1,253	(1,136)		1,476	1,564	1,199	987	840	970	1,538	1,523	1,386
Derivative financial assets	409	-	(409)		-	-	-	-	-	-	-	-	-
Receivables from exchange transactions	39,556	42,333	2,777		43,760	45,157	47,714	49,446	50,909	51,873	53,565	55,231	56,617
Prepayments	15,048	12,095	(2,953)		12,831	12,797	12,919	13,512	14,037	14,608	15,053	15,493	16,000
Inventories	875	888	13		906	922	941	958	974	1,002	1,025	1,051	1,076
Non-current assets classified as held for sale	-	-	-		-	-	-	-	-	-	-	-	-
Total current assets	**58,277**	**56,569**	**(1,708)**		**58,973**	**60,440**	**62,773**	**64,903**	**66,760**	**68,453**	**71,181**	**73,298**	**75,079**
Non-current assets													
Derivative financial assets	3,280	-	(3,280)		-	-	-	-	-	-	-	-	-
Trade and other receivables	-	-	-		-	-	-	-	-	-	-	-	-
Other financial assets	8,928	10,473	1,545		11,110	11,760	12,466	13,146	13,864	14,627	15,441	16,314	17,253
Intangibles	16,743	28,936	12,193		31,801	37,309	36,746	36,534	36,418	38,868	39,456	42,457	46,125
Investment properties	205,951	196,566	(9,385)	1	200,890	205,711	210,854	216,336	222,393	228,842	235,707	243,250	251,277
Property, plant & equipment	6,974,749	6,696,357	(278,392)	2	6,996,483	7,178,620	7,298,858	7,574,356	7,708,691	7,784,903	8,143,728	8,321,251	8,351,387
Investment in subsidiaries	3,809	3,809	-		3,809	3,809	3,809	3,809	3,809	3,809	3,809	3,809	3,809
Investment in associates	19,519	19,504	(15)		19,504	19,504	19,504	19,504	19,504	19,504	19,504	19,504	19,504
Total non-current assets	**7,232,979**	**6,955,645**	**(277,334)**		**7,263,597**	**7,456,713**	**7,582,237**	**7,863,685**	**8,004,679**	**8,090,553**	**8,457,645**	**8,646,585**	**8,689,355**
TOTAL ASSETS	**7,291,256**	**7,012,214**	**(279,042)**		**7,322,570**	**7,517,153**	**7,645,010**	**7,928,588**	**8,071,439**	**8,159,006**	**8,528,826**	**8,719,883**	**8,764,434**
LIABILITIES													
Current liabilities													
Derivative financial liabilities	404	-	(404)		-	-	-	-	-	-	-	-	-
Trade and other payables	57,945	59,122	1,177		63,554	68,980	65,570	60,676	63,486	73,434	69,308	71,105	74,378
Revenue in advance	11,405	33,496	22,091	3	13,345	11,244	11,780	12,176	12,400	12,524	12,933	13,232	13,550
Borrowings	155,562	231,141	75,579	4	278,770	335,366	397,355	414,547	418,393	450,491	460,617	467,818	480,111
Employee benefit liabilities and provisions	5,698	6,845	1,147		6,856	6,931	7,060	7,214	7,380	7,608	7,797	8,009	8,225
Provision for other liabilities	17,466	11,790	(5,676)		8,548	6,089	4,819	4,168	3,903	3,878	3,892	3,952	4,001
Total current liabilities	**248,480**	**342,394**	**93,914**		**371,073**	**428,610**	**486,584**	**498,781**	**505,562**	**547,935**	**554,547**	**564,116**	**580,265**
Non-current liabilities													
Derivative financial liabilities	12,831	-	(12,831)		-	-	-	-	-	-	-	-	-
Trade and other payables	-	630	630		630	630	630	630	630	630	630	630	630
Borrowings	248,601	206,622	(41,979)	4	249,198	299,790	355,204	370,572	374,009	402,702	411,755	418,191	429,180
Employee benefit liabilities	1,474	1,708	234		1,711	1,729	1,761	1,800	1,842	1,898	1,945	1,998	2,052
Provisions for other liabilities	43,687	23,945	(19,742)	5	19,402	17,329	16,429	16,221	16,313	16,566	16,861	17,143	17,383
Total non-current liabilities	**306,593**	**232,905**	**(73,688)**		**270,941**	**319,478**	**374,024**	**389,223**	**392,794**	**421,796**	**431,191**	**437,962**	**449,245**
TOTAL LIABILITIES	**555,073**	**575,299**	**20,226**		**642,013**	**748,087**	**860,607**	**888,003**	**898,355**	**969,730**	**985,737**	**1,002,077**	**1,029,509**
EQUITY													
Accumulated funds and retained earnings	4,992,265	4,994,681	2,416		5,014,553	5,028,196	5,043,161	5,057,912	5,075,338	5,091,380	5,109,225	5,127,342	5,142,548
Revaluation reserves	1,743,064	1,429,106	(313,958)	2	1,652,379	1,726,804	1,726,804	1,967,932	2,082,773	2,082,773	2,418,679	2,575,312	2,575,312
Hedging reserve	(9,955)	137	10,092		137	137	137	137	137	137	137	137	137
Fair value through other comprehensive income reserve	93	63	(30)		63	63	63	63	63	63	63	63	63
Restricted funds	10,716	12,928	2,212		13,424	13,865	14,237	14,540	14,772	14,922	14,984	14,951	16,864
TOTAL EQUITY	**6,736,183**	**6,436,915**	**(299,268)**		**6,680,556**	**6,769,065**	**6,784,402**	**7,040,584**	**7,173,083**	**7,189,275**	**7,543,088**	**7,717,805**	**7,734,924**
TOTAL EQUITY AND LIABILITIES	**7,291,256**	**7,012,214**	**(279,042)**		**7,322,569**	**7,517,152**	**7,645,009**	**7,928,587**	**8,071,438**	**8,159,005**	**8,528,825**	**8,719,882**	**8,764,433**

PROSPECTIVE STATEMENT OF FINANCIAL POSITION

Notes to variances:

1. Movement due to differences in the forecast value of investment properties.

2. Movements primarily due to changes in assumptions used for asset revaluations and reductions in the capital expenditure programme in the 2014/15 Annual Plan and the 2015-25 Long-term Plan.

3. Increase due to revenue received in advance relating to the housing upgrade project.

4. Reclassification of borrowings between current and non-current borrowings.

5. Weathertight homes provision decreasing over time due to reduction in the number of outstanding claims.

PROSPECTIVE STATEMENT OF CHANGES IN EQUITY

	2014/15 AP $000	2015/16 LTP $000	Variance to LTP $000	Notes	2016/17 LTP $000	2017/18 LTP $000	2018/19 LTP $000	2019/20 LTP $000	2020/21 LTP $000	2021/22 LTP $000	2022/23 LTP $000	2023/24 LTP $000	2024/25 LTP $000
EQUITY - OPENING BALANCES													
Accumulated funds and retained earnings	4,965,881	4,972,119	6,238		4,994,681	5,014,553	5,028,196	5,043,161	5,057,912	5,075,338	5,091,380	5,109,225	5,127,342
Revaluation reserves	1,685,991	1,429,106	(256,885)		1,429,106	1,652,379	1,726,804	1,726,804	1,967,932	2,082,773	2,082,773	2,418,679	2,575,312
Hedging reserve	(9,955)	137	10,092		137	137	137	137	137	137	137	137	137
Fair value through other comprehensive income reserve	93	63	(30)		63	63	63	63	63	63	63	63	63
Restricted funds	10,715	12,389	1,674		12,928	13,424	13,865	14,237	14,540	14,772	14,922	14,984	14,951
TOTAL EQUITY - Opening balance	**6,652,725**	**6,413,814**	**(238,911)**		**6,436,915**	**6,680,556**	**6,769,065**	**6,784,402**	**7,040,584**	**7,173,083**	**7,189,275**	**7,543,088**	**7,717,805**
CHANGES IN EQUITY													
Retained earnings													
Net surplus for the year	26,385	23,101	(3,284)		20,368	14,084	15,337	15,054	17,658	16,192	17,907	18,084	17,119
Transfer to restricted funds	(3,766)	(4,518)	(752)		(4,555)	(4,598)	(4,637)	(4,685)	(4,734)	(4,790)	(4,845)	(4,911)	(7,026)
Transfer from restricted funds	3,765	3,979	214		4,059	4,157	4,265	4,382	4,502	4,640	4,783	4,944	5,113
Hedging reserve													
Movement in hedging reserve	57,073	-	(57,073)		223,273	74,425	-	241,128	114,841	-	335,906	156,633	-
Restricted Funds													
Transfer to retained earnings	(3,765)	(3,979)	(214)		(4,059)	(4,157)	(4,265)	(4,382)	(4,502)	(4,640)	(4,783)	(4,944)	(5,113)
Transfer from retained earnings	3,766	4,518	752		4,555	4,598	4,637	4,685	4,734	4,790	4,845	4,911	7,026
TOTAL COMPREHENSIVE INCOME	**83,458**	**23,101**	**(60,357)**		**243,641**	**88,509**	**15,337**	**256,182**	**132,499**	**16,192**	**353,813**	**174,717**	**17,119**
EQUITY - CLOSING BALANCES													
Accumulated funds and retained earnings	4,992,265	4,994,681	2,416		5,014,553	5,028,196	5,043,161	5,057,912	5,075,338	5,091,380	5,109,225	5,127,342	5,142,548
Revaluation reserves	1,743,064	1,429,106	(313,958)		1,652,379	1,726,804	1,726,804	1,967,932	2,082,773	2,082,773	2,418,679	2,575,312	2,575,312
Hedging reserve	(9,955)	137	10,092		137	137	137	137	137	137	137	137	137
Fair value through other comprehensive revenue and expense	93	63	(30)		63	63	63	63	63	63	63	63	63
Restricted funds	10,716	12,928	2,212		13,424	13,865	14,237	14,540	14,772	14,922	14,984	14,951	16,864
TOTAL EQUITY - Closing balance	**6,736,183**	**6,436,915**	**(299,268)**		**6,680,556**	**6,769,065**	**6,784,402**	**7,040,584**	**7,173,083**	**7,189,275**	**7,543,088**	**7,717,805**	**7,734,924**

PROSPECTIVE STATEMENT OF CASH FLOWS

	2014/15 AP $000	2015/16 LTP $000	Variance to LTP $000	Notes	2016/17 LTP $000	2017/18 LTP $000	2018/19 LTP $000	2019/20 LTP $000	2020/21 LTP $000	2021/22 LTP $000	2022/23 LTP $000	2023/24 LTP $000	2024/25 LTP $000
CASH FLOWS FROM OPERATING ACTIVITIES													
Receipts from rates - Council	255,266	259,725	4,459		283,409	301,636	323,775	339,926	358,391	372,659	385,162	402,358	412,907
Receipts from rates - Greater Wellington Regional Council	50,341	53,018	2,677		55,598	59,226	63,637	66,744	70,298	73,022	75,478	78,830	80,806
Receipts from activities and other income	123,013	136,363	13,350	1	107,072	128,054	133,236	137,865	141,583	142,750	146,248	149,468	153,000
Receipts from grants and subsidies - operating	7,715	36,026	28,311	2	35,376	21,637	15,186	12,885	13,768	14,154	14,459	14,723	15,600
Receipts from grants and subsidies - capital	43,375	6,485	(36,890)		7,695	6,941	6,261	6,386	6,564	6,721	6,882	7,050	7,226
Receipts from investment property lease rentals	9,215	9,135	(80)		9,135	9,135	9,135	9,135	9,135	9,135	9,135	9,135	9,135
Cash paid to suppliers and employees	(286,780)	(294,174)	(7,394)		(293,415)	(292,625)	(300,828)	(309,255)	(317,049)	(327,655)	(338,180)	(348,579)	(360,315)
Rates paid to Greater Wellington Regional Council	(50,341)	(53,018)	(2,677)		(55,598)	(59,226)	(63,637)	(66,744)	(70,298)	(73,022)	(75,478)	(78,830)	(80,806)
Grants paid	(28,719)	(35,583)	(6,864)		(43,827)	(42,806)	(35,654)	(38,197)	(41,750)	(44,354)	(44,803)	(45,303)	(45,825)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**123,085**	**117,977**	**(5,108)**		**105,445**	**131,972**	**151,111**	**158,745**	**170,642**	**173,410**	**178,903**	**188,852**	**191,728**
CASH FLOWS FROM INVESTING ACTIVITIES													
Dividends received	11,000	11,000	-		10,954	10,989	10,184	11,082	13,125	15,875	16,599	19,799	21,559
Interest received	44	637	593		650	663	732	825	916	961	1,012	1,076	1,142
Proceeds from sale of property, plant and equipment	4,050	2,650	(1,400)		(4,600)	5,250	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Purchase of intangibles	(8,777)	(11,195)	(2,418)		(8,418)	(11,493)	(6,101)	(6,201)	(6,533)	(8,953)	(6,711)	(6,892)	(7,451)
Purchase of property, plant and equipment	(155,724)	(168,357)	(12,633)		(166,654)	(210,422)	(234,303)	(154,888)	(141,593)	(195,307)	(158,720)	(161,488)	(173,022)
NET CASH FLOWS FROM INVESTING ACTIVITIES	**(149,407)**	**(165,265)**	**(15,858)**		**(168,068)**	**(205,013)**	**(227,488)**	**(147,182)**	**(132,085)**	**(185,424)**	**(145,820)**	**(145,505)**	**(155,772)**
CASH FLOWS FROM FINANCING ACTIVITIES													
New borrowings	203,964	260,827	56,863		245,767	338,329	396,173	367,926	404,638	475,338	437,572	464,128	483,899
Repayment of borrowings	(155,562)	(197,932)	(42,370)		(155,562)	(231,141)	(278,770)	(335,366)	(397,355)	(414,547)	(418,393)	(450,491)	(460,617)
Interest paid on borrowings	(22,080)	(22,763)	(683)		(27,403)	(34,113)	(40,819)	(44,444)	(46,171)	(48,582)	(52,173)	(57,673)	(60,105)
NET CASH FLOWS FROM FINANCING ACTIVITIES	**26,322**	**40,132**	**13,810**		**62,802**	**73,075**	**76,584**	**(11,884)**	**(38,888)**	**12,209**	**(32,994)**	**(44,036)**	**(36,823)**
Net increase/(decrease) in cash and cash equivalents	-	(7,156)	(7,156)		179	34	207	(321)	(331)	195	89	(689)	(867)
Cash and cash equivalents at beginning of year	2,389	8,406	6,017		1,250	1,429	1,463	1,670	1,349	1,018	1,213	1,302	613
CASH AND CASH EQUIVALENTS AT END OF YEAR	**2,389**	**1,250**	**(1,139)**		**1,429**	**1,463**	**1,670**	**1,349**	**1,018**	**1,213**	**1,302**	**613**	**(254)**

Notes:

1. Wellington City Council collects rates on behalf of GWRC.

2. Increased income from activites is detailed in the Funding Impact Statements by activity.

PROSPECTIVE STATEMENT OF CHANGES IN RESTRICTED FUNDS

	OPENING BALANCE 2015/16 $000	DEPOSITS $000	EXPENDITURE $000	CLOSING BALANCE 2024/25 $000	Purpose
SPECIAL RESERVES AND FUNDS					
Reserve purchase and development fund	287	-	-	287	Used to purchase and develop reserve areas within the city
Economic initiatives development fund	2,075	32,050	(34,125)	-	
Insurance reserve	9,609	17,065	(10,535)	16,139	Allows the Council to meet the uninsured portion of insurance claims
Total special reserves and funds	**11,971**	**49,115**	**(44,660)**	**16,426**	
TRUSTS AND BEQUESTS					
A Graham Trust	3	1	-	4	For the upkeep of a specific area of Karori Cemetery
A W Newton request	315	160	(150)	325	For the benefit of art (Fine Arts Wellington), education (technical and other night schools) and athletics (rowing)
E A McMillan Estate	6	-	-	6	For the benefit of the public library
E Pengelly Bequest	13	5	-	18	For the purchase of children's books
F L Irvine Smith Memorial	7	2	-	9	For the purchase of books for the Khandallah Library
Greek NZ Memorial Association	5	2	-	7	For the maintenance and upgrade of the memorial
Kidsarus 2 Donation	3	1	-	4	For the purchase of children's books
Kirkcaldie and Stains Donation	17	-	-	17	For the beautification of the BNZ site
QEII memorial Book Fund	19	10	-	29	For the purchase of books on the Commonwealth
Schola Cantorum Trust	6	3	-	9	For the purchase of musical scores
Terawhiti Grant	10	-	-	10	To be used for the purchase of library books
Wellington Beautifying Society Request	14	-	(14)	-	Used towards "the Greening of Taranaki Street" project
Total trusts and bequests	**418**	**184**	**(164)**	**438**	
Total restricted funds	**12,389**	**49,299**	**(44,824)**	**16,864**	

Summary of Significant Accounting Policies

Reporting entity

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

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

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

Basis of preparation

Public Benefit Entity Financial Reporting Standard 42 Prospective Financial Statements (PBE FRS 42)

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

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

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

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

It is a requirement of the Local Government Act 2002 to present prospective financial statements that span 1 year and include them within the Long-term Plan. This provides an opportunity for ratepayers and residents to review the projected financial results and position of the Council.

(*iii) Bases for assumptions, risks and uncertainties*

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

(iv) Cautionary Note

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

(iv) Other Disclosures

These prospective financial statements were adopted, as part of the assumptions that form the 2015-2025 Long-term Plan consultative documents, for issue on XX XXXX 2015 by Wellington

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City Council. The Council is responsible for the prospective financial statements presented, including the assumptions underlying prospective financial statements and all other disclosures. The Long-term Plan is prospective and as such contains no actual operating results.

Statement of compliance

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

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

The reporting period for these prospective financial statements is the 10 year period ending 30 June 2025. The prospective financial statements are presented in New Zealand dollars, rounded to the nearest thousand ($000), unless otherwise stated.

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

Measurement base

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

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

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

Judgements and estimations

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

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

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

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

Revenue

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

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

Revenue from exchange transactions

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

Revenue from non-exchange transactions

Revenue from non-exchange transaction arises when the Council receives value from another party without giving approximately equal value directly in exchange for the value received.

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

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

Approximately equal value

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

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

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

Rates

Rates are set annually by resolution from the Council and relate to a particular financial year. All ratepayers are invoiced within the financial year for which the rates have been set. Rates revenue is recognised in full as at the date when rate assessment notices are sent to the ratepayers.

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Rates are a tax as they are payable under the Local Government Ratings Act 2002 and are therefore defined as non-exchange.

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

Operating activities

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

Grants, subsidies and reimbursements

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

Reimbursements are recognised upon entitlement, which is when conditions relating to the eligible expenditure have been fulfilled.

Development contributions

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

Rendering of services

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

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

Fines and penalties

Revenue from fines and penalties (eg traffic and parking infringements, library overdue book fines, rates penalties) is recognised when infringement notices are issued or when the fines/penalties are otherwise imposed.

Sale of goods

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

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Investment revenues

Dividends

Dividends from equity investments are classified as exchange revenue and are recognised when the Council's right to receive payment has been established.

Investment property lease rentals

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

Other revenue

Donated, subsidised or vested assets

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

Gains

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

Finance revenue

Interest

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

Donated services

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

Expenses

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

Operating activities

Grants and sponsorships

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

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Finance expense

Interest

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

Depreciation and amortisation

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

Goods and Services Tax (GST)

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

Financial instruments

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

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

Financial assets

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

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

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

Trade and other receivables have fixed or determinable payments. They arise when the Council provides money, goods or services directly to a debtor, and has no intention of trading the receivable.

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

Financial assets in this category are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method. Fair value is

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estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date for assets of a similar maturity and credit risk. Trade and other receivables due in less than 12 months are recognised at their nominal value. A provision for impairment is recognised when there is objective evidence that the asset is impaired. As there are statutory remedies to recover unpaid rates, penalties and water meter charges, no provision has been made for impairment in respect of these receivables.

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

Financial liabilities

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

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

Derivatives

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

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

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

Inventories

Inventories consumed in the provision of services (such as botanical supplies) are measured at the lower of cost and current replacement cost.

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Inventories held for resale (such as rubbish bags), are recorded at the lower of cost (determined on a first-in, first-out basis) and net realisable value. This valuation includes allowances for slow-moving and obsolete stock. Net realisable value is the estimated selling price in the ordinary course of business.

Inventories held for distribution at no or nominal cost, are recorded at the lower of cost and current replacement cost.

Investment properties

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

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

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

Non-current assets classified as held for sale

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

- the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets;
- a plan to sell the asset is in place and an active programme to locate a buyer has been initiated;
- the asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value;
- the sale is expected to occur within one year or beyond one year where a delay has occurred which is caused by events beyond the Council's control and there is sufficient evidence the Council remains committed to sell the asset; and
- actions required to complete the sale indicate it is unlikely that significant changes to the plan will be made or the plan will be withdrawn.
- A non-current asset classified as held for sale is recognised at the lower of its carrying amount or fair value less costs to sell. Impairment losses on initial classification are included within surplus or deficit.

Property, plant and equipment

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

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

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

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

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

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

Recognition

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

Measurement

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

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

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

Specific measurement policies for categories of property, plant and equipment are shown below:

Operational assets

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

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

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

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Restricted assets

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

Infrastructure assets

Infrastructure assets (the roading network, water, waste and drainage reticulation networks and service concession arrangement assets) are valued at optimised depreciated replacement cost on a three-year cycle by independent registered valuers. Infrastructure valuations are based on current quotes from actual suppliers. As such, they include ancillary costs such as breaking through seal, traffic control and rehabilitation. Between valuations, expenditure on asset improvements is capitalised at cost.

Infrastructure land (excluding land under roads) is valued at fair value on a three-year cycle.

Land under roads, which represents the corridor of land directly under and adjacent to the Council's roading network, was valued as at 30 June 2005 at the average value of surrounding adjacent land discounted by 50% to reflect its restricted nature. The Council elected to use the fair value of land under roads at 30 June 2005 as the deemed cost of the asset. Land under roads is no longer revalued. Subsequent additions have been recorded at cost.

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

Revaluations

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

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

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

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Impairment

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

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

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

Disposal

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

Work in progress

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

Depreciation

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

Asset Category	Useful Life (years)	Depreciation Rate
Land	unlimited	not depreciated
Buildings	1 ~75	1.33 ~ 100%

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Civic Centre Complex	10 ~ 78	1.28 ~ 10%
Plant and equipment	3 ~ 100	1 ~ 33.3%
Library collection	3 ~ 11	9.1 ~ 33.3%
Restricted assets (excluding buildings)	unlimited	not depreciated
Infrastructure assets:		
Land (including land under roads)	unlimited	not depreciated
Roading:		
Formation / earthworks	unlimited	not depreciated
Pavement	13 ~ 40	2.5 ~ 7.7%
Traffic islands	80	1.25%
Bridges and tunnels	3 ~ 175	0.57 ~ 33.3%
Drainage	60 ~130	0.8% ~ 130%
Retaining walls	30 ~ 75	1.33 ~ 3.33%
Pedestrian walkways	10 ~ 50	2 ~ 10%
Pedestrian furniture	10 ~ 25	4 ~ 10%
Barriers (handrails, guardrails)	25	4%
Lighting	3 ~ 50	2 ~ 33.3%
Cycleway network	25	4%
Parking equipment	8 ~ 10	10 ~ 12.5%
Passenger transport facilities	25	4%
Traffic infrastructure	5 ~ 40	2.5 ~ 20%
Drainage, waste and water:		
Pipework	50 ~ 130	0.77 ~ 2%
Fittings	25 ~ 110	0.91 ~ 4%
Water pump stations	20 ~ 100	1 ~ 5%
Water reservoirs	25 ~ 100	1 ~ 4%
Equipment	20	5%
Sewer pump stations	20 ~ 80	1.25 ~ 5%
Tunnels	3 ~ 175	0.57 ~ 33.3%
Treatment plants	3 ~ 100	1 ~ 33.3%

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

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

Intangible assets

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

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

Asset Category	Useful Life (years)	Depreciation Rate

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Computer software	1 to 7 years	14.29% to 100%

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

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

Leases

Operating leases as lessee

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

Operating leases as lessor

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

Finance leases

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

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

Employee benefit liabilities

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

Holiday leave

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

Retirement gratuities

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

Other contractual entitlements

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

Provisions

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

Landfill post-closure costs

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

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

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

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

ACC partnership programme

The Council is an Accredited Employer under the ACC Partnership Programme. As such the Council accepts the management and financial responsibility of our employee work-related injuries. From 1 April 2009 the Council changed its agreement with ACC from Full Self Cover (FSC) to Partnership Discount Plan (PDP). Under the PDP option, the Council is responsible for managing work related injury claims for a two-year period only and transfer ongoing claims to ACC at the end of the two-year claim management period with no further liability. Under the ACC Partnership Programme the Council is effectively providing accident insurance to employees and

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this is accounted for as an insurance contract. The value of this liability represents the expected future payments in relation to work-related injuries occurring up to the end of the reporting period for which the Council has responsibility under the terms of the Partnership Programme.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the Council to make specified payments to reimburse the contract holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at fair value. The Council measures the fair value of a financial guarantee by determining the probability of the guarantee being called by the holder. The probability factor is then applied to the principal and the outcome discounted to present value.

Financial guarantees are subsequently measured at the higher of the Council's best estimate of the obligation or the amount initially recognised less any amortisation.

Net Assets/Equity

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

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

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

Prospective Statement of Cash Flows

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

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

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Related parties

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

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

Cost allocation

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

Comparatives

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

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

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FINANCIAL PRUDENCE

The government has introduced the new Local Government (Financial Reporting and Prudence) Regulations 2014 which has a series of measures and benchmarks, disclosed in the following pages. These measures further highlight the financial performance of Council in a way that is consistent and standardised.

These measures allow for comparison of financial performance with other Councils. However, readers are urged to read the commentary and explanations provided to give context to the information, as it is not always possible to compare Wellington City Councils' results with other Councils due to their size, location and provision of services.

The Council considers there are three key financial areas that demonstrate whether a Council is being managed in a prudent manner; they are in broad terms the level of rate increases, level of borrowings and the balancing of the budget. A Council sets what it believes to be prudent levels for each of these areas when it adopts its Long-term Plan.

Rates Increase

The Financial Strategy outlines the Councils strategy on rate increases and how to maintain the ratepayers willingness to pay rates as they perceive the value of the services provided by Council. There are two measures that indicate Councils adherence to its strategy:

1. Percentage limit on rate increases averaged over the first three years of the 2015-25 Long-term Plan before growth (in the rating base) is 4.5%.

   The percentage rate increase for 2015/16 is 4.9%

2. Dollar limit on rate increases for rates revenue not to exceed is set at $301.5 million for 2015/16.

The Council has committed to adhering to limits as set out in Long Term Financial Strategy as set out elsewhere in this 2015-25 Long-term Plan.

Borrowing levels

The Financial Strategy outlines its guiding principles on the level of borrowing the Council may undertake, and in broad terms:

a) Debt cannot be used to fund operations, and
b) The current level of debt will not restrict a future Councils ability to fund new assets through debt.

The Council has met all of its borrowing measures set out in the following pages, as the Council continues to be prudent in carefully managing its debt levels and ensuring that future generations are not impeded in their ability to borrow to fund future capital expenditure.

Balanced Budget

This measure is designed to highlight whether a Council has achieved a balanced budget as discussed in the financial overview. The Council's aim is to be as close to the 100% as possible, as large variances would indicate that ratepayers are either paying too much or too little rates that could lead to intergenerational issues in later years.

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2015-2025 Long-term Plan disclosure statement

What is the purpose of this statement?

The purpose of this statement is to disclose the council's financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The council is required to include this statement in its long-term plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

Rates affordability benchmark

The council meets the rates affordability benchmark if—

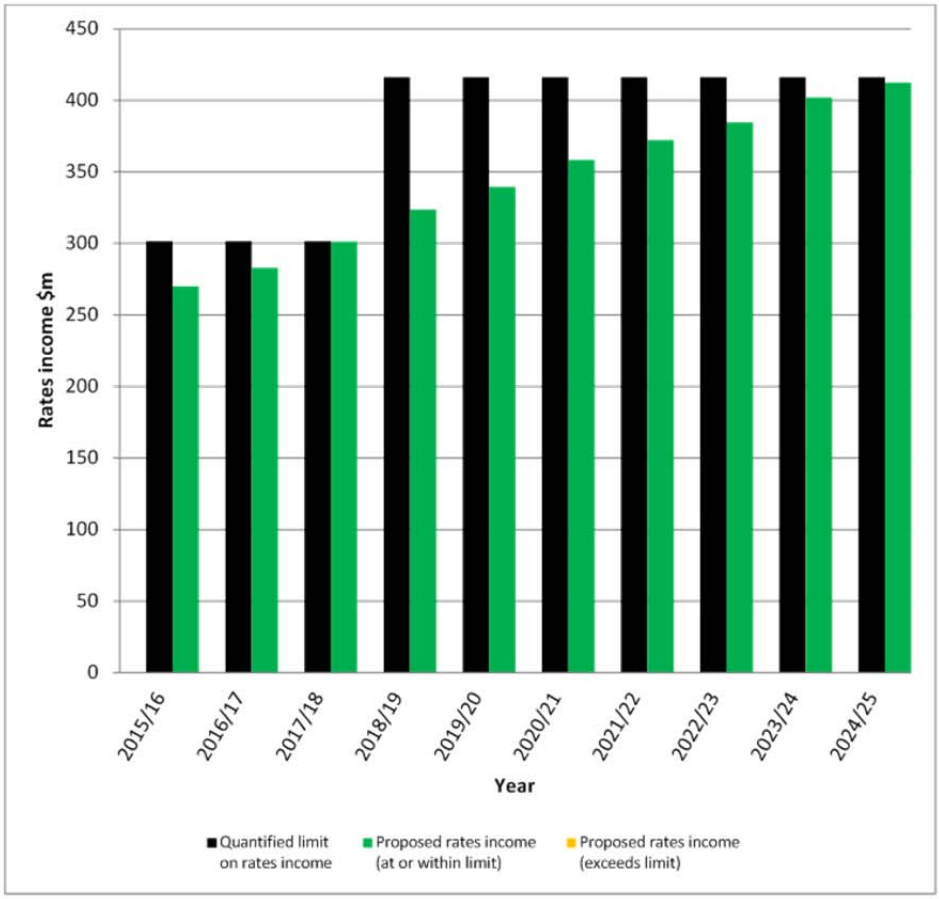
- its proposed rates income equals or is less than each quantified limit on rates; and
- its proposed rates increases equal or are less than each quantified limit on rates increases.

These limits are based on the Local Government Cost Index and the limits are set each year during the Annual Plan process. This will cause some limits to be different than those disclosed in the 2015-2025 Long-term Plan. Where this occurs both the Annual Plan and Long-term Plan limits will be disclosed.

Rates (income) affordability

The following graph compares the council's actual rates increases with a quantified dollar limit on rates increases included in the financial strategy included in the council's long-term plan. The quantified limit is $301,552,000 (quantified limit for the 2014/15 Annual Plan was $249,671,000).

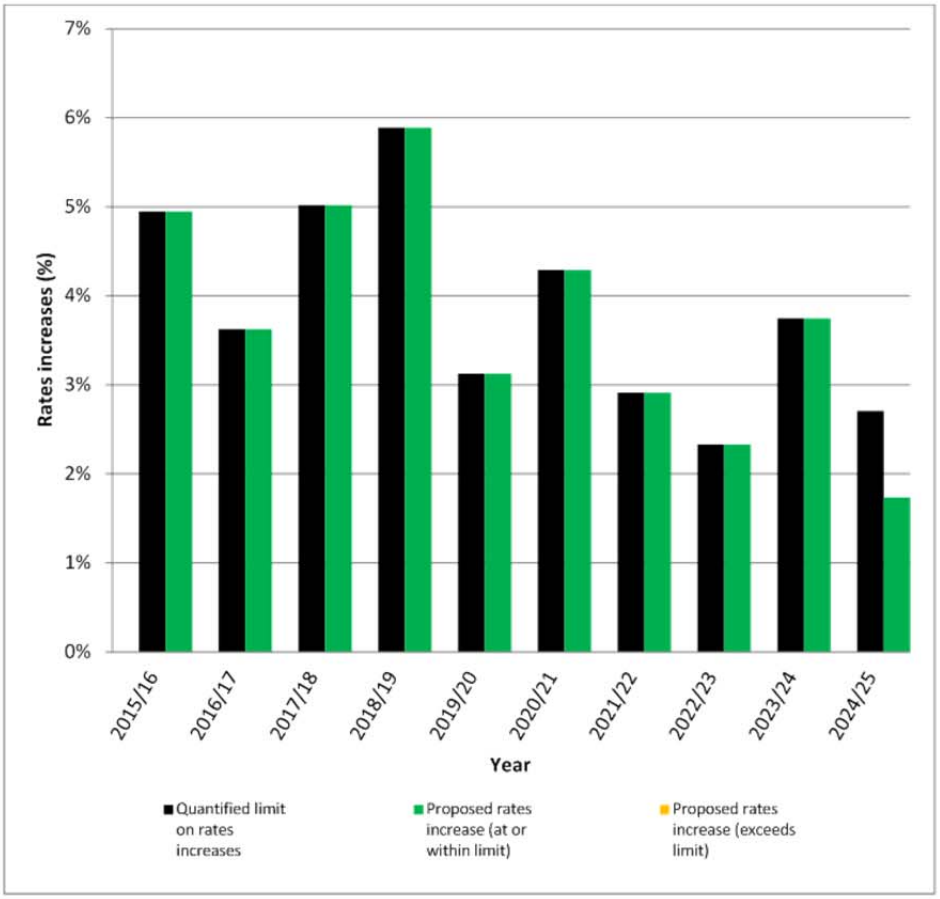
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Rates (increases) affordability

The following graph compares the council's proposed rates increases with a quantified limit on rates increases included in the financial strategy included in this council long-term plan. The quantified limit is a 4.5% increase after growth (quantified limit for the 2014/15 annual plan was a 3.96% increase).

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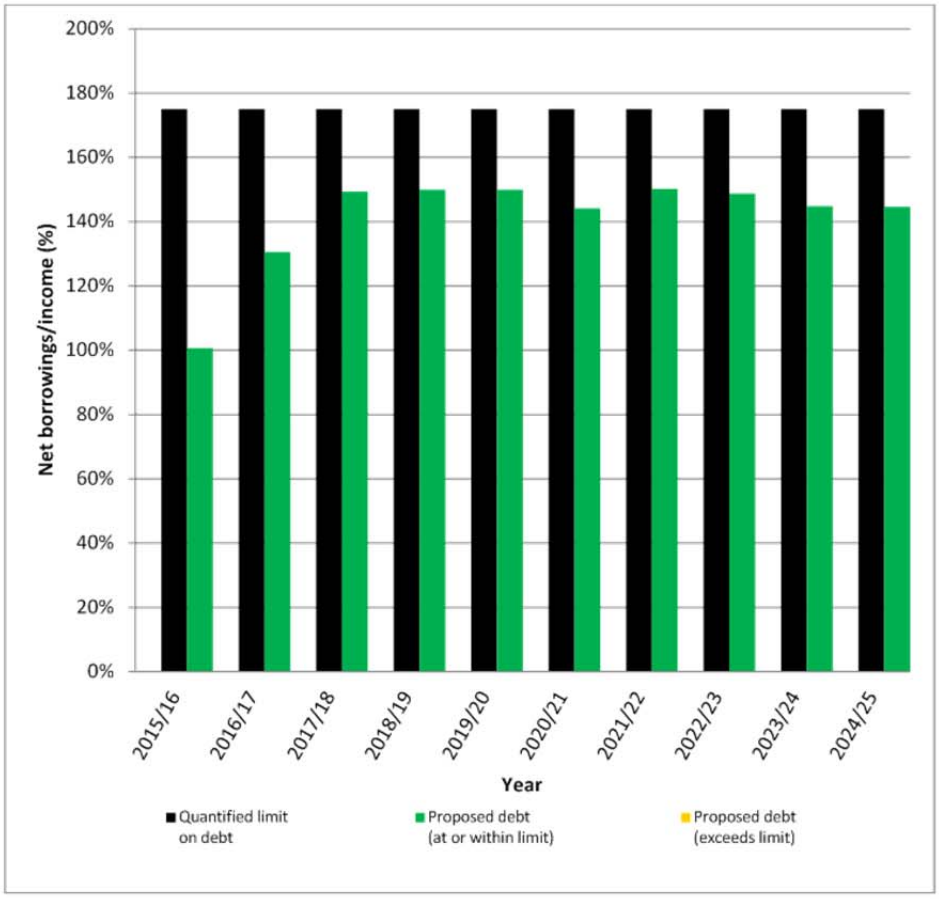


Debt affordability benchmark

Net borrowing as a percentage of income

The following graph compares the council's proposed borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit is net borrowings, comprised of borrowings less cash and cash equivalents, being less than or equal to 175% of income. For this measure income is defined as total revenue less vested assets and development contribution income.

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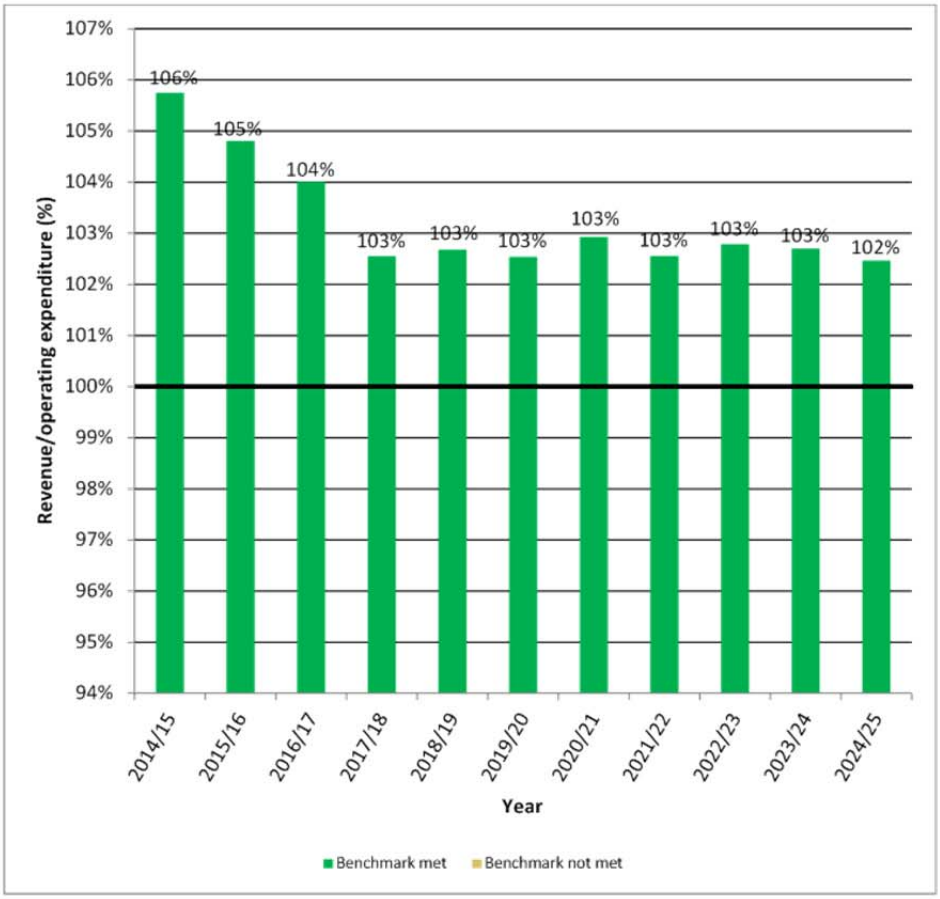


Balanced budget benchmark

The following graph displays the council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

The council meets this benchmark if its revenue equals or is greater than its operating expenses.

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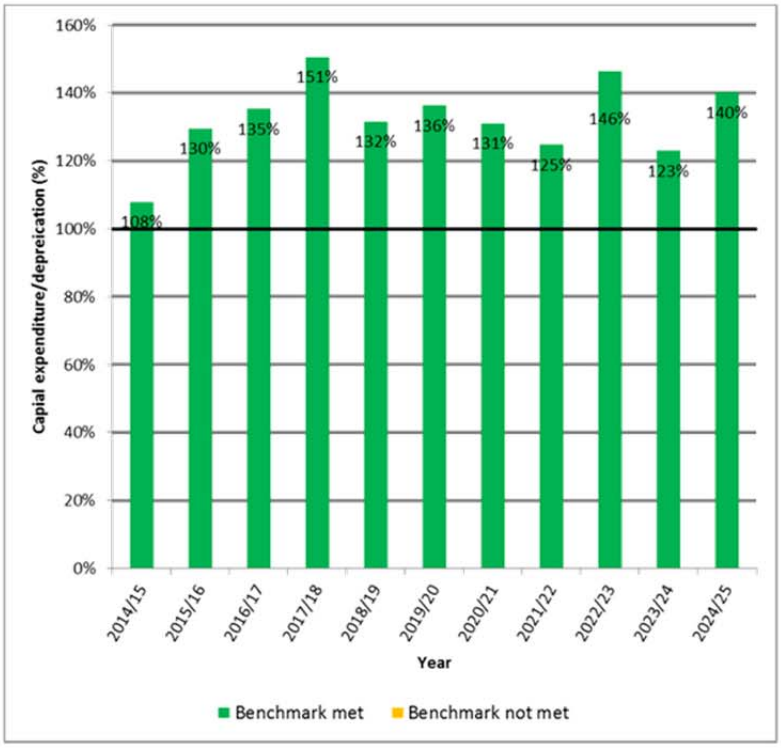


Essential services benchmark

The following graph displays the council's capital expenditure on network services as a proportion of depreciation on network services over the ten years of the long-term plan.

The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services. The capital expenditure included in this measure includes the renewal of assets ($550.2 million), assets that increase capacity ($48.6 million) and assets that increase the level of service ($276.4 million) provided as part of the network services.

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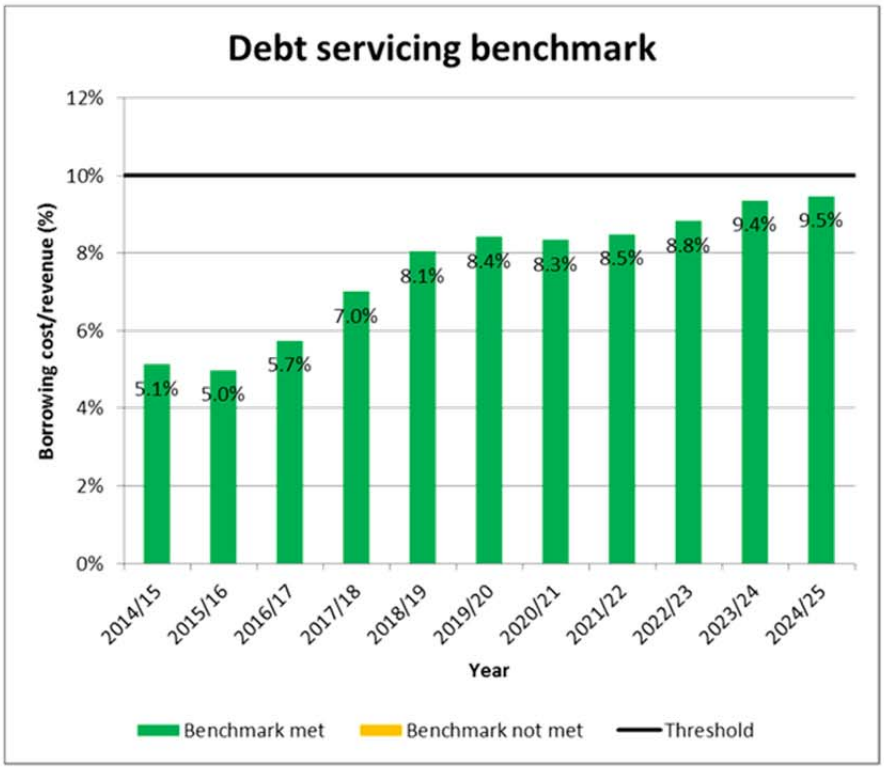


Debt servicing benchmark

The following graph displays the council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

Because Statistics New Zealand projects the council's population will grow as fast as the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.

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Fees and user charges

Our Revenue and Financing Policy guides our decisions on how to fund Council services. In the policy, we take into account who benefits from a service (individuals, parts of the community, or the community as a whole) to help us determine how the service should be funded. The policy set targets for each Council activity, determining what proportion should be funded from each of user charges, general rates, targeted rates and other sources of income.

In line with this policy, we have made some changes to fees and charges in the following areas:

- City Archives
- Trade Waste
- Development control and facilitation
- Swimming Pools
- Marinas
- Public Health Regulations
- Recycling
- Sports fields

New fees will be implemented as of 1 July 2015 and are inclusive of GST. For more information see www.Wellington.co.nz

Development control and facilitation

We are increasing our fees for development control and facilitation work, including fees for consents, compliance monitoring and enforcement.

Resource Consent Fees	2014/15 Deposit/ Fee	2015/16 Deposit/ Fee
Service		
Pre-application meetings: planner / expert / compliance officer (charge per hour)	$150.00	$155.00
Non-notified Resource Consent: land use	$1,500.00	$1,650.00
Non-notified Resource Consent: subdivision	N / A	$2,000.00
Non-notified Resource Consent: land-use and subdivision	N / A	$2,700.00
Limited notified Resource Consent: subdivision and / or land use	$8,000.00	$8,400.00
Fully notified Resource Consent: subdivision and / or land use (includes $1,500.00 towards the cost of the public notices)	$15,000.00	$16,000.00
Additional Charges		
Additional hours (per hour):		
- All consents: additional processing hours (per hour) – planner / advisor / compliance officer		

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	$150.00	$155.00
- All consents: additional processing hours (per hour) – administrative officer	$85.00	$90.00
Compliance Monitoring		
Monitoring Administration of Resource Consents: subdivision or land use – minimum of one hour then based on actual time after that	$150.00	$155.00
Additional hours (per hour):		
- planner / expert / compliance officer	$150.00	$155.00
- administrative officer	$85.00	$90.00
Subdivision Certification		
Below are minimum fees. Charges will be based on actual time if over and above that		
Stage certification: each stage for s223, s224(f), s226 etc	$300.00	$310.00
Combination of two or more Stage certificates: s223, s224(f), s226 etc	$600.00	$900.00
Certification s224(c)	$600.00	$900.00
All other RMA, Building Act, Unit Titles Act and LGA certificates, legal documents etc (disbursements charged separately) - up to 2 hrs	$300.00	$310.00
Bonds: each stage of preparation or release	$300.00	$310.00
Vehicle Access		
Plan check linked to a building consent or resource consent	$300.00	$310.00
Initial inspection fee	$150.00	$155.00
Vehicle crossing inspection fee over 1 hour	$150.00	$155.00
District Plan Check Fee		
All applications (except minor works)		
Building consents with a project value of less than $20,000 (initial charge for 30 mins, then additional charges apply per hour of processing time above this)	$75.00	$80.00
Building consents with a project value of $20,001 or over (initial charge for first hour, then additional charges apply per hour of processing time above this)	$150.00	$155.00
Additional hours – per hour	$150.00	$155.00
Outline Plan Waiver	$300.00	Removed

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Planning Policy		
Additional planner / advisor's time (per hour)	$135.00	$155.00
Additional administrative officer's time (per hour)	$70.00	$90.00

Trade Waste

We are increasing our fees for the conveyance and transport of Trade Waste.

Conveyance and Transport of Trade Waste	2014/15 Deposit/ Fee	2015/16 Deposit/ Fee
Volume		
Up to 100m3/day	$0.27/m3	$0.28/m3
Between 100m3/day and 7000m3/day	$0.13/m3	$0.13/m3
Above 7000m3/day	$0.85/m3	$0.89/m3
B.O.D		
Up to 3150kg/day	$0.29/m3	$0.30/m3
Above 3150kg/day	$0.64/m3	$0.68/m3
Suspended Solids		
Up to 1575kg/day	$0.28/m3	$0.29/m3
Above 1575kg/day	$0.52/m3	$0.55/m3

Recycling

We are increasing our fees for the recycling levy component of the landfill levy.

Landfill Fees	2014/15 Deposit/ Fee	2015/16 Deposit/ Fee
Landfill Levy (per tonne)	$118.20	$121.80
Kai to Compost (per bin lift)	$7.50	$10.00

Marinas

We are increasing our fees for Marinas.

Marinas	2014/15 Deposit/ Fee	2015/16 Deposit/ Fee
Evans Bay Marina		
Berth (12m to 20m)	$2,580.00	$2,632.00
Berth (Sea Rescue Jetty)	$1,520.00	$1,548.00
Boat Shed (8 to 11)	$1,016.00	$1,036.00
Boat Shed (1 to 7, 12 to 32)	$2,032.00	$2.072.00
Boat Shed (33 to 46)	$3,048.00	$3,108.00
Dinghy Locker	$304.00	$310.00
Live-Aboard	$532.00	$542.00

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Clyde Quay Boat Harbour:		
Mooring	$1,020.00	$1,044.00
Boat Shed (2 to 13)	$2,144.00	$2,196.00
Boat Shed (14 to 27)	$1,928.00	$1,976.00
Boat Shed (38B)	$1,548.00	$1,586.00
Boat Shed (38A to 42B, 48A and 48B)	$2,224.00	$2,280.00
Boat Shed (43A to 47B)	$2,572.00	$2,636.00
Dinghy Racks	$180.00	$184.00

Swimming Pools

We are increasing some of our fees for Swimming Pools.

Pool fees	2014/15 Deposit/ Fee	2015/16 Deposit/ Fee
Adult Spa (Community Pool)	$4.80	$5.00
Adult Spa (WRAC)	$5.70	$6.00

Public Health Regulations

We are increasing our fees for Public Health Regulations.

Public Health Regulation Fees	2014/15 Deposit/ Fee	2015/16 Deposit/ Fee
Health Licensing and Inspection		
New food premises (first year set up)	$495.00	$515.00
New non-food premises (first year set up)	$250.00	$260.00
Change of occupiers base fee – minimum one hour	$190.00	$200.00
Change of occupiers base fee – additional per hour	$130.00	$135.00
Inspections (per hour) for legal action	$130.00	$135.00
Annual licence for registered food premises		
*Excellent grade	$185.00 - $615.00	$195.00 - $645.00
*Very good grade	$310.00 - $865.00	$325.00 - $900.00
*Ungraded	$370.00 – 1,110.00	$385.00 – 1,160.00
*Ungraded - high risk	$495.00 - $1,900.00	$515.00 - $1,985.00
*VIP registration and verification	$485.00 - $1850.00	$505.00 – $1,935.00
Additional inspections (over 3 hours) per hour	$130.00	$135.00
Re-grading of premises (per hour)	$130.00	$135.00
Health license		
*Sports clubs (minimal food preparation)	$155.00	$160.00
*Unregistered eating houses	$215.00	$225.00
Temporary license		
*Temporary/ mobile food stalls base fee – minimum one hour	$185.00	$195.00
*Temporary/ mobile food stalls base fee – additional per hour	$130.00	$135.00

Public notice under Sale and Supply of Alcohol Act 2013	N / A	$150.00

City Archives

We are changing our fees for City Archives.

City Archive Property Plan Fees	2014/15 Deposit/ Fee	2015/16 Deposit/ Fee
New single-charge search and copy fees		
Residential building single property search and copy fee	N / A	$55.00
Commercial building single property search and copy fee	N / A	$125.00
Registered student single property search and copy fee	N / A	$30.00
Fee for search and copy of a single permit or consent	N / A	$25.00
Fee for search and copy of a single permit or consent; student	N / A	$10.00
Existing search costs		
First permit/consent residential building plan search fee	$27.50	Removed
Subsequent permit/consent residential building plan search fee	$5.50	Removed
First permit/consent commercial building plan search fee	$38.50	Removed
Subsequent permit/consent commercial building plan search fee	$7.70	Removed
First building plan search fee for students with ID for registered courses	$7.00	Removed
Subsequent building plan search fee for students with ID for registered courses	$3.00	Removed
Miscellaneous or one-off charges for smaller jobs		
Archives research (per ½ hour)	$27.50	$30.00
Photocopy A0	$8.50	$9.00
Photocopy A1	$4.50	$5.00
Photocopy A2	$4.50	$5.00
Photocopy A3	$0.80	$1.00
Photocopy A4	$0.50	$0.50
High res photographic reproduction (digital)	$37.50	$40.00
Standard res photographic reproduction (digital)	$18.50	$20.00
Digital copy of a plan (since 2011-12)	$2.00	$2.00

Sportsfields

We are increasing some of our fees for use of Sportsfields.

Sportsfield fees	2014/15 Deposit/ Fee	2015/16 Deposit/ Fee
Cricket		
Casual		

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Level 1	$379.00	$386.50
Level 2	$251.00	$256.00
Artificial pitch on concrete base	$162.00	$165.00
Artificial pitch on grass base	$162.00	$165.00
Seasonal		
Level 1	$2,862.00	$2,917.00
Level 2	$2,388.00	$2,433.00
Level 3	$1,392.00	$1,417.00
Rugby, League, Soccer, Aussie Rules		
Casual		
Level 1	$139.00	$142.00
Level 2	$105.00	$107.00
Level 3	$81.00	$82.50
Seasonal		
Level 1	$1,971.00	$2,350.00
Level 2	$1,505.00	$1,535.00
Level 3	$1,274.00	$1,299.00
Softball		
Casual		
Level 1	$173.00	$176.00
Level 2	$122.00	$124.00
Seasonal		
Level 1	$725.00	$739.50
Level 2	$487.00	$497.00
Touch, 5-a-side, Ultimate Flying Disk, Gridiron		
Casual		
Level 1	$182.00	$185.50
Level 2	$146.00	$149.00
Seasonal		
Level 1	$1,505.00	$1,535.00
Level 2	$1,163.00	$1,186.00
Netball – per court		
Court per season	$139.00	$142.00
Off-season or organized	$11.00	$11.00
Casual	$42.00	$43.00
Tennis		
Court per season	$189.00	$193.00
Off-season or organized	$18.00	$18.00
Casual	$42.00	$43.00
Cycling		
Casual	$170.00	$173.00
Seasonal	$1,713.00	$1,747.00
Athletics		
Casual	$621.00	$633.50

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WRFU speed trials	$138.00	$141.00
Seasonal	$10,360.00	$10,568.00
Croquet – one lawn		
Casual	$168.00	$171.00
Seasonal	$787.00	$803.00
Training		
Ground Only		
1 night	$105.00	$107.00
1 night (season)	$376.00	$384.00
2 nights (season)	$753.00	$768.00
3 nights (season)	$1,128.00	$1,150.50
4 nights (season)	$1,505.00	$1,535.00
5 nights (season)	$1,880.00	$1,917.50
Ground and Changing Rooms		
1 night	$189.00	$193.00
1 night (season)	$792.00	$808.00
2 nights (season)	$1,582.00	$1,613.00
3 nights (season)	$2,373.00	$2,420.00
4 nights (season)	$3,164.00	$3,227.00
5 nights (season)	$3,955.00	$4,035.00
Elite Parks		
Rugby League Park	$627.00	$639.50
Newtown Park	$627.00	$639.50
Picnics	$57.00	$58.00
Marquees		
Booking fee (non-refundable)	$84.00	$86.00
Marquee up to 50m2	$502.00	$512.00
Marquee up to 100m2	$835.00	$851.50
Marquee > 100m2	$1,330.00	$1,356.50
Add-ons		
Groundsman – hourly rate (minimum 2 hours)	$35.00	$36.00
Toilets open	$35.00	$36.00
Toilets and changing rooms open	$84.00	$86.00

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2015-25 LTP
Significant Forecasting Assumptions

2015-2025 LTP – Significant Forecasting Assumptions

Budget and Forecasting Assumptions and Risk Assessment

Schedule 10 of the Local Government Act 2002 requires that the Council identifies the significant forecasting assumptions and risks underlying the financial information set out in the ten year Long-term Plan (LTP). Where there is a high level of uncertainty the Council is required to state the reason for that level of uncertainty and provide an estimate of the potential effects on the financial assumptions. The level of uncertainty is determined by reference to both the likelihood of occurrence and the financial materiality.

The Council has made a number of significant assumptions in the preparation of the financial forecasts in this LTP. These assumptions are necessary as the LTP covers a 10 year period and to ensure that there is a consistent and justifiable basis for the preparation of the financial forecasts. The significant forecasting assumptions used in developing the financial forecasts in the LTP are detailed in the table below.

Forecasting Assumptions	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
General Assumptions:			
Strategic Direction The strategic direction set out in the *Wellington 2040: Smart Capital* strategy will influence the way the Council delivers services and infrastructure to Wellington's residents. Achieving the strategic directions will ensure Wellington thrives and prospers and is resilient against threats, both natural and economic. The strategy is supported by Wellington's residents. Our four strategic goals are our community outcomes: • People City • Eco City • Connected City • Dynamic Central City	That the strategic directions will not lead to Wellington prospering and thriving.	Low	The *Wellington 2040: Smart Capital* strategy is based on a significant body of research predicting six major global trends which will impact on the city between now and 2040. Thorough and comprehensive engagement with Wellington's residents show the vision and goals in the strategy are widely supported. The Strategy builds on strengths and mitigates against threats. The strategy's overarching vision and goals guide the development of the Long-term Plan, specific strategies to achieve outcomes, how the Council's activities can best align to a smart green future, and the setting of meaningful long-term targets to measure progress.

<table>
<tr><th>Forecasting Assumptions</th><th>Risk</th><th>Level of Uncertainty</th><th>Reasons and Financial Effect of Uncertainty</th></tr>
<tr><td>Projected growth in the Wellington City economy:
GDP Growth 2015-25 (Aspirational Scenario): 3.1% per annum
Employment Growth 2015-25 (Aspirational Scenario): 1.7% per annum
Economic growth assumptions inform the Council's Financial Strategy and aids decision-making for the LTP. This year our assumptions are informed by BERL Economics based on growth scenarios for the Wellington region and councils to 2041.
The modelling considers four alternative futures for the Wellington Region – Business as Usual, IT, Infrastructure and Aspirational. The alternative futures (scenarios) consider the impact of various strategies on employment and GDP.</td><td>That economic growth is lower than forecasted due to:
Local infrastructure not aligned to key regional infrastructure projects to ensure scale and needs are met by businesses and residents
Strategies not developed to attract and retain skilled workers
Land use planning and zoning not keeping pace with substantial population and employment growth
Council not investing in key projects to achieve economic development at forecasted levels.
Counter-cyclic trends in underlying economic growth despite Council's efforts to stimulate economic activity.</td><td>Moderate</td><td>Economic growth impacts on affordability of Council rates and the utilisation of services with a user charge funding component as discretionary income is impacted. This in turn may drive changes to both operational and capital expenditure. The economic outlook also affects local businesses, level of employment and the rate of development which means it is closely correlated to the level of growth in the ratepayer base.

It is noted that the aspirational scenario forecast is based on estimated impact of economic development activities under the Wellington Regional Strategy (WRS), rather than economic development projects specific to Wellington City Council.</td></tr>
<tr><td>Projected growth change factors:<table><tr><th>Year</th><th>Population forecast</th><th>Households forecast</th></tr><tr><td>2015</td><td>202,669</td><td>76,145</td></tr><tr><td>2016</td><td>203,933</td><td>76,807</td></tr><tr><td>2017</td><td>205,199</td><td>77,495</td></tr><tr><td>2018</td><td>206,665</td><td>78,201</td></tr><tr><td>2019</td><td>208,056</td><td>78,914</td></tr><tr><td>2020</td><td>209,473</td><td>79,607</td></tr><tr><td>2021</td><td>210,826</td><td>80,272</td></tr><tr><td>2022</td><td>212,083</td><td>80,947</td></tr><tr><td>2023</td><td>213,615</td><td>81,635</td></tr><tr><td>2024</td><td>214,854</td><td>82,308</td></tr><tr><td>2025</td><td>216,289</td><td>82,984</td></tr><tr><td>Annul</td><td>0.65%</td><td>0.86%</td></tr></table></td><td>That growth is higher or lower than forecast thereby either putting pressure on Council to provide additional infrastructure and services or putting council at risk of over-investing infrastructure to cater for growth that does not eventuate.</td><td>Low</td><td>Low to Moderate growth can be accommodated within the present level of Council infrastructure. Where higher growth requires additional infrastructure, Council will collect development contributions to meet a portion of the costs of new or upgraded investment. Capital costs over this amount would result in additional Council expenditure funded through new borrowings which would in turn result in increased rates. On average a $1million increase in borrowing funded capex will result in a $140,000 increase in rates.</td></tr>
</table>

Forecasting Assumptions	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
average			
City growth assumptions underpin the Council's Asset Management Plans, capital expenditure budgets, and level of services in the LTP. This year our assumptions are informed by Forecast.id for Wellington City modelling land development, housing markets and the role of suburbs. It is based on Statistics NZ data from the 2006 and 20013 censuses, converting usual resident data to estimated resident population for each neighbourhood. It is also mindful of larger economic and migration trends which are likely to effect the region. It provides a realistic projection based on current policy settings and how they are playing out. See our website www.wellington.govt.nz for the population forecast for the city as a whole and for each neighbourhood together with a list of assumptions that have been incorporated in the forecast.			
Growth in ratepayer base: Council plans to invest in a range of initiatives that it will provide an economic catalyst for the city which we forecast will provide ratepayer growth of: 2015/16 1.2% 2016/17 1.2% 2017/18 1.5% 2018/19 1.5% 2019/20 1.8% 2020/21 1.2% 2021/22 1.0% 2022/23 1.0% 2023/24 0.8% 2024/25 0.8%	The growth in the ratepayer base is higher or lower than projected.	Low – Moderate	The Council has used current property information from its valuation service provider (Quotable Value Ltd), forward looking consenting, and historic trends to assess the level of growth in rating units, together with longer term projections from the Forecast.id modelling used in the LTP. We are also utilising modelling prepared by Price Waterhouse Coopers to assess the potential impact each of the Council's economic investment projects will have on growth in the ratepayer base. The projected growth for 2015/16 to 2017/18 is considered robust, with a higher level of estimation for out-years. Accordingly we have been conservative with our growth estimates in years 4 -10 of the LTP. If growth is higher than forecasted, average rates funding increase will be reduced by an equivalent amount as there are a greater number of ratepayers across which the rates funding requirement will be allocated. If growth is lower than forecasted, the average rates increase for the ratepayer will be higher. The annual impact of a 1% of variance in growth in the ratepayer base is equivalent to approximately $2.5m of rates. We plan to manage this risk by conducting detailed business cases for each investment to assess their cost effectiveness and economic contribution. We will also measure and report on growth in the rating base and review the projections and underlying strategy on a three yearly basis.

Forecasting Assumptions	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
Forecast cost savings and efficiencies The council is targeting savings of 1% of funded operating expenditure from shared services initiatives and a range of procurement related programmes each year of the LTP, equating to approximately $50m. This ongoing review will focus on: i. A review of the options, impacts and potential risks of reducing the renewals budget ii. The future need for assets and their ongoing strategic alignment. iii. The future capital programme, service levels, alternative service models, increased asset utilisation, holdings and potential income-generating opportunities. iv. Organisational alignment and increased use of inter council shared service alignment	That council does not achieve the forecast level of savings. Note that 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.	Low – Moderate	The general rates requirement would increase or decrease by the difference between the actual and projected general rates reductions from savings. This would require the council to adjust rates, debt, fees and charges, and/or expenditure requirements where savings differ from those forecasted. The council has achieved additional savings targets in each of the past three years of between $4m and $8m. This provides confidence that further cost savings can be made, although the actual timing and impact will subject to a number of factors.
Levels of Service Demand for Council services and customer expectations regarding business as usual levels of service will not significantly change and therefore there will be no significant effect on asset requirements or operating expenditure beyond those specifically planned and identified within the LTP.	That there are significant changes in customer expectations regarding demand for services or levels of service from those planned in the LTP.	Low	The Council has well defined service levels for its planned activities which have been reviewed as part of the LTP process. Customer satisfaction surveys and other engagement strategies generally support the key assumptions made within the LTP and therefore there are currently no known additional areas of the Council's service that require significant modification.
Funding for major economic growth initiatives The 2015-2025 LTP identifies a number of projects that we forecast will provide a catalyst for economic and rating base growth in the city. These projects which include funding for urban development initiatives that provide a catalyst for growth and potential investment in extension	That the funding allocated will be insufficient to fund all of the projects identified.	Moderate	Each of the major economic projects identified within the plan will undergo a robust business case to assess their cost effectiveness and anticipated contribution to the city economy. We cannot yet be certain that all these projects will proceed. Given the lead time it is also likely that a significant proportion of the investment will not be incurred

Forecasting Assumptions	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
of the airport runway, indoor arena, film and tech hubs and targeted events. These projects are at different stages of development. Specific costs and timing will be clearer as we work through the project phases. Despite this uncertainty it is important that we show through the financial strategy and LTP the capacity the Council has to invest in these projects over the 10 year period of the LTP. To cater for these uncertainties we have used an envelope budgeting approach in years 4 to 10, incorporating $170m of capital expenditure funding for economic catalyst projects and an additional $76m for urban development projects. In addition we have assumed that $100m of the total $1.9 billion of asset investment planned across the 10 years of the LTP will be funded by an external party. We will continue to budget for the associated debt servicing costs but transfer the capital risk and debt from the Council's balance sheet.			in the first three years of the LTP. This will provide an opportunity to review the envelope funding allocation as part of the subsequent LTP in 2018.
Resource consents Conditions for existing resource consents held by Council will not be significantly altered. Any resource consents due for renewal during the 10 year period will be renewed accordingly.	Conditions of resource consents are altered significantly. Council is unable to renew existing resource consents upon expiry.	Low	The financial effect of any change to resource consent requirements would depend upon the extent of the change. A significant change in requirements could result in the Council needing to spend additional funds to enable compliance. Generally, the Council considers that it is fully compliant with existing Resource Consents and does not contemplate any material departure from these requirements over the next 10 years.
Development Contributions Significant assumptions in relation to development contributions are included within the Development Contributions Policy.	If growth is higher or lower than forecast, the level of development contributions collected could be insufficient to cover the costs of additional infrastructure required to meet the needs of Wellington's future population.	Moderate	The growth assumptions within the Development Contributions Policy are considered robust as they are based on the Forecast.id modelling on population, assumptions used across the LTP. The policy is adopted by Council after a robust process including the Special Consultative Procedure and external audit.
Civil Defence and Emergency Preparedness The LTP is prepared on the basis that the city is continually improving its emergency preparedness, and whilst the impact of a major natural disaster cannot be	That a significant event occurs (e.g. a major earthquake) and: ▪ insufficient risk reduction	Low	Although the probability of a major earthquake or other natural disaster within the lifespan of the LTP is low, we take Emergency Preparedness very seriously with the aim to be as prepared as possible. We believe that

Forecasting Assumptions	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
accurately predicted (and therefore the response required), increased community preparedness and regional consistency are cornerstones of our approach. In line with the rest of NZ, we follow the "4Rs": ▪ Reduction of risk ▪ Readiness for an event ▪ Response when it occurs; and ▪ Recovery, post-event. The focus areas for disaster preparedness within our plan are: ▪ Earthquake prone buildings ▪ Water ▪ Wastewater ▪ Transportation ▪ Electricity ▪ Gas ▪ Telecoms ▪ Welfare ▪ Community preparedness Most hazards we prepare for have an expected probability. For example, maximum size tsunami once every 2,500 years; major quake on the Wellington fault, 10% chance in the next 100 years.	measures are in place to prevent large numbers of casualties, or ▪ the city is unable to recover sufficiently or quickly enough in order to prevent long-term adverse effects on population or local economy.		preparedness activities are never finished and therefore aim for continuous improvement. Although we do consider ourselves capable of dealing with a large event, we will never know how adequate our plans are until the day they are tested for real. Regardless of preparedness levels, in a major event it will always be likely that regional, national and international assistance will be required. Similarly, the financial impact of such an event is unknown until such an event occurs. However, it is likely to have a significant impact to the current planned expenditure within the LTP.
Government Policy Most of the local government reforms are in place. No major changes to the Local Government Act are foreseen and assumed over the period of the LTP. That the Government policy framework will continue to provide a stable working and statutory framework. Changes to the Resource Management Act (RMA) is expected.	That Government policy framework shifts, resulting in new or amended legislation	Moderate	The nature and significance of new or amended legislation will determine the level of response required, cost to implement and administer by Council, or result in a change to the services delivered by the Council. RMA changes might be significant but will not happen overnight.
Regional Governance Review The LTP assumes continuation of the current local authority structure within the Wellington Region. The Wellington local authorities will continue to work with the public toward a common view of regional governance.	That councils in the region fail to lead a public discussion and reach a united and acceptable position on the issue of governance reform leading to inappropriate and/or	Moderate	Any change in governance arrangements for the city and region could impact on levels of service and their costs, and alter the LTP forecast. The Regional Governance Review was initiated by the

Forecasting Assumptions	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
This will strengthen the opportunities for authorities to propose and drive any reform agreed with or by Central Government. In December 2014 the Local Government Commission announced a draft proposal for a single two tiered Council for the entire Wellington. Consultation on this proposal will close in 2015. At this stage there is insufficient certainty that the proposal will succeed to consider the impact of this structure within the Council's 2015-2025 LTP. Council's plan does reflect the impact of other decisions made collectively by the Councils in the region, including the formation of the Wellington Regional Economic Development Agency and the expansion of Wellington Water to serve the entire metropolitan area.	rushed change is imposed by central government.		Wellington Regional Mayoral Forum in 2010. The external environment has changed since that review was initiated – including central government announcing an intention to examine reform of the sector. The Council will need to ensure its public is informed on any subsequent proposals or debate. Should change be supported – and pass a community poll – any impact in terms of structure, services and costs would likely only impact on the out-years of the long-term plan (years 4-10.)
Significant Financial Assumptions:			
Inflation The Council has adjusted base financial projections to reflect the estimated impact of inflation.	That actual inflation will be significantly different from the assumed inflation.	Low - Moderate Years (1-3) Moderate - High Years (4-10) High Years (11-30)	Inflation is affected by external economic factors, most of which are outside of the Council's control and influence. Council's costs and the income required to fund those costs will increase by the rate of inflation unless efficiency gains can be made.
Inflation Rates Applied: Inflation rates have been estimated using the BERL "Forecasts of Price level Change Adjustors to 2025." The applicable rates are (shown cumulative):			While individual indices will at times vary from what has been included in this LTP, the Council has relied on the assumption that the Reserve Bank will use of monetary controls to keep CPI within the 1.5 to 3% range.

Index Forecast	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10
Roading	1.000	1.014	1.036	1.061	1.088	1.117	1.149	1.183	1.220	1.260

Forecasting Assumptions				Risk				Level of Uncertainty	Reasons and Financial Effect of Uncertainty	
Property	1.000	1.024	1.050	1.078	1.107	1.139	1.174	1.211	1.250	1.294
Water	1.000	1.038	1.069	1.104	1.140	1.180	1.223	1.271	1.321	1.376
Energy	1.000	1.038	1.078	1.122	1.170	1.223	1.279	1.342	1.411	1.485
Staff	1.000	1.018	1.039	1.060	1.083	1.107	1.133	1.161	1.191	1.223
Other expense	1.000	1.025	1.051	1.080	1.111	1.143	1.180	1.218	1.261	1.306
Other income	1.000	1.019	1.039	1.061	1.083	1.107	1.133	1.160	1.188	1.218

Application of the Inflation Rates: The inflation rates above have been applied across all items within the financial statements with the exception of:		Low	
Revenue from investment properties – not inflated as most ground leases are subject to fixed rentals across the period.	That the revenue streams identified are influenced by changes in prices or the rate of inflation.	Low – Moderate	The assumption is considered reasonable in these cases due to the specific circumstances noted.
Petrol tax – forecast to remain constant. Revenue from petrol tax is driven by tax rates and volumes – both of which are expected to remain constant over the 10 year period.	That the revenue streams identified fluctuate annually as a result of external factors outside the control of the Council.	Moderate	Although the revenue streams may vary annually due to factors outside the control of the Council (eg, petrol consumption may vary and therefore affect the revenue received from Petrol Tax) it is not considered that annual variances will have a material effect on the financial forecasts in the LTP.
Interest revenue and expenditure – Interest rates do not increase annually in line with rates of inflation. Interest rates have been forecast to remain constant. Refer section below.	N/A		
Grants - Our grant schemes and grants to other organisations do not increase with inflation and remain constant until Council make a decision to change the level of the grants. Therefore our assumption is there will be no change to the value of our grants over the 10 year period.	That cost pressures experienced by organisations receiving grants is such that Council are inclined to increase grant funds available.	Moderate	While no inflation is applied to grant funding the actual level of funding proposed is reconsidered on an annual basis taking these factors into account.
Dividends – Although rates of inflation will affect the	N/A		

Forecasting Assumptions	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
revenues and expenditures of those entities distributing dividends to the Council it is not anticipated that the level of dividend will be influenced by rates of inflation in the future.			
Expected interest rates on borrowings Interest is calculated using the following interest rates: 2015/16 5.60% per annum 2016/17 5.60% per annum 2017/18 5.90% per annum 2018/19 6.00% per annum 2019/20 6.00% per annum 2020/21 6.10% per annum 2021/22 6.10% per annum 2022/23 6.20% per annum 2023/24 6.70% per annum 2024/25 6.80% per annum Expected interest rates on borrowings associated with the Convention Centre and Movie Museum development are forecast to be 2015/16 3.25% per annum 2016/17 3.69% per annum 2017/18 3.50% per annum 2018/19 3.75% per annum 2019/20 3.74% per annum 2020/21 3.70% per annum 2021/22 3.70% per annum 2022/23 3.70% per annum 2023/24 3.80% per annum 2024/25 3.80% per annum	That prevailing interest rates will differ significantly from those estimated.	Moderate	Interest rates are largely driven by factors external to the NZ economy. Council manages its exposure to adverse changes in interest rates through the use of interest rate swaps. At any time Council policy is to have a minimum level of interest rate hedging equivalent to 50% of core borrowings. Based on the minimum hedging profile, a 0.1% movement in interest rates will increase/decrease annual interest expense by between $200,000 and $550,000 per annum across the ten years of the LTP.
Expected return on investments: Council has forecast the following returns for significant investments:			
Wellington International Airport Limited shareholding –	That Council will not achieve the		The level of dividend is dependent on the financial

Forecasting Assumptions	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
it is assumed that the Council will retain its existing investment in WIAL of 34% and that a regular flow of revenue will be received by way of dividend. The forecast annual dividend from Wellington International Airport Limited is $11 million for 2015/16.	forecast level of dividends	Moderate	performance of the company. If the actual returns are significantly less than forecast, the council will need to look for alternative funding through rates or borrowings. If the actual returns are significantly more than forecast, the Council may be able to reduce rates or forecast borrowings.
Wellington Cable Car Limited – it is assumed that the Council will retain its existing investment at current levels with the exception of a $2.5 million investment in 2016/17 to fund replacement of the electric drive for the Cable Car. No dividends are assumed across the 10 year period	That actual levels of dividends differ from those forecasted in the plan.	Low	The level of dividend is dependent on the financial performance of the company. If the actual returns are significantly less than forecast, the council will need to look for alternative funding through rates or borrowings. If the actual returns are significantly more than forecast, the Council may be able to reduce rates or forecast borrowings.
The Greater Wellington Regional Council has signalled that the Wellington trolley-bus network will be decommissioned in 2017. WCC has written down the carrying value of its overhead wires & pole network accordingly, but has assumed that GWRC will meet any costs of dismantled the network.	The WCC incurs some cost in decommissioning the network.	Moderate	WCCL is currently undertaking an assessment of the cost of decommissioning. Until this is know the cost implications for GWRC and WCC are unknown.
Wellington Regional Stadium Trust loan – in accordance with the terms of the loan, no interest has been forecasted across the 10 year period. The loan is due to be repaid once the Trust has repaid all of its other liabilities and borrowings. The Trust may return part of its annual operating surplus to the Council to repay all or part of the outstanding loan.	That the loan will not be repaid	Low	As the Trust is currently servicing its other loan obligations to commercial lenders, the Council considers that it is unlikely that the Trust will make an annual repayment of the outstanding loan. Once these commercial loans have been repaid the Council expects that the Trust will be in a position to repay the loan advanced by the Council. There is currently no information / reason to suggest that the Trust will not be in a position to repay the Council's loan.
Convention Centre It is assumed that the operating costs of the Wellington Convention Centre will be offset by net operating surplus/(deficit) of ($0.4m) in 2018/19, increasing to $2.9m in 2024/25.	The net operating surplus returned to Council are lower than forecast	Moderate	The net operating surplus forecasts assume a mid-case scenario based on a business case with robust and sound assumptions. A range of industry experts (including Price Waterhouse Coopers, BERL Economics, Howarth HTL Ltd, and Covec Ltd) were engaged in preparing market analysis, economic projections, property advice and assessment, and reviewing the draft business case. It is also prepared in full knowledge of the planned developments in other regions.

Forecasting Assumptions	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
New Zealand Transport Authority (NZTA) funding Council has made assumptions on the level of subsidies it expects to receive from central government through the NZTA over the period of the LTP. The NZTA Funding Assistance Rates Review was finalised in October 2014. The agreed funding assistance rates for both the 2015-18 National Land Transport Programme (NLTP) period and at the end of the transition are as below: 2015/16 48% 2016/17 49% 2017/18 50% 2023/24 51% (end of transition)	NZTA make further changes to the subsidy rate, the funding cap or the criteria for inclusion in the subsidised works programme.	Low	Variations in the subsidy rates of approx 1% would not impact the Council's funding income stream due to current eligible expenditure being in excess of the current funding cap.
Vested assets No vesting of assets is forecast across the 10 year period.	That Council will have assets vested thereby increasing the depreciation expense in subsequent years.	High	The level of vested assets fluctuates considerably from year to year and is unpredictable. Historical levels have not been material. The recognition of vested assets in the income statement is non-cash in nature and will have no effect on rates. The financial effect of the uncertainty is expected to be low.
Sale of Assets We have assumed asset sales of $52m will be realised to repay borrowings across the 10 year period.	That the sale of assets do not occur at forecasted levels	Moderate	If the level of asset sales is less than forecasted, either our level of debt will increase by the relevant amount or Council may consider revising its level of asset investment. The interest cost of servicing this debt will be lower or higher depending on the level of asset sales.
Sources of funds for the future replacement of significant assets Sources of funds for operating and capital expenditure are as per the Revenue and Financing Policy (refer page xx)	That sources of funds are not achieved	Low	User charges have been set at previously achieved levels. Depreciation is funded through rates. The Council is able to access borrowings at levels forecast within the LTP.
Useful lives of significant assets The useful lives of significant assets is shown in the Statement of Accounting Policies (refer page xx). It is assumed that there will be no reassessment of useful lives throughout the 10 year period.	That assets wear out earlier or later than estimated.	Low - Asset lives are based upon estimates made by engineers and registered	The financial effect of the uncertainty is likely to be immaterial. Depreciation and interest costs would increase if capital expenditure was required earlier than anticipated. However, these impacts could be mitigated as capital projects could be reprioritised in the event of early expiration of assets.

Forecasting Assumptions	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
		valuers.	
It is assumed that assets will be replaced at the end of their useful life.	That Council activities change, resulting in decisions not to replace existing assets. That Council replaces assets before the end of useful life.	Low	Council has a comprehensive asset management planning process. Where a decision is made not to replace an asset, this will be factored into capital projections.
Planned asset acquisitions (as per the capital expenditure programme) shall be depreciated on the same basis as existing assets.	That more detailed analysis of planned capital projects may alter the useful life and therefore the depreciation expense.	Low	Asset capacity and condition is monitored, with replacement works being planned accordingly. Depreciation is calculated in accordance with accounting and asset management requirements.
Revaluation of property, plant and equipment These forecasts include a three yearly estimate to reflect the change in asset valuations for property, plant and equipment in accordance with the Council's accounting policies (refer page xx). The following assumptions have been applied to projected asset revaluations: • Revaluation movements shall equate the inflation rates applied for all depreciable property, plant and equipment (refer section "Inflation") • The depreciation impact of inflation shall be in the year following revaluation. • The value of non-depreciable assets (e.g. land) is forecast to remain constant.	That actual revaluation movements will be significantly different from those forecast	Low	The majority of Council's depreciable property, plant and equipment assets is valued on a depreciated replacement cost basis. Therefore, using the projected inflation rate as a proxy for revaluation movements is appropriate and consistent with the treatment of price changes generally within the LTP. For land assets valued at market value (based on sales evidence), values have been assumed to remain constant. This reflects the wide disparity in views on the sustainability of current residential market prices.
Revaluation of investment properties It is assumed that the value of investment properties accounted for at fair/market value will remain constant across the 10 year plan.	That actual revaluation movements will be significantly different from those forecast	Moderate	For assets valued at market value (based on sales evidence), values have been assumed to remain constant. This assumption has no impact on depreciation as these assets are not depreciated.
LGFA Guarantee Each of the shareholders of the LGFA is a party to a deed of Guarantee, whereby the parties to the deed guarantee the obligations of the LGFA and the guarantee obligations of other participating local authorities to the LGFA, in the event of default.	In the event of a default by the LGFA, each guarantor would be liable to pay a proportion of the amount owing. The proportion to be paid by each respective guarantor is set in	Low	The Council believes the risk of the guarantee being called on and any financial loss arising from the guarantee is low. The likelihood of a local authority borrower defaulting is extremely low and all of the borrowings by a local authority from the LGFA are secured by a rates charge.

Forecasting Assumptions	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
	relation to each guarantors relative rates income.		
Renewal of External Funding It is assumed that Council will be able to renew existing borrowings on equivalent terms.	That new borrowings cannot be accessed to fund future capital requirements	Low	The Council minimises its liquidity risk by maintaining a mix of current and non-current borrowings in accordance with its Investment and Liability Management Policy. In accordance with the Liability Management Policy the Council must maintain its borrowing facilities at a level that exceeds 110% of peak borrowing levels over the next 12 months.
Weathertight Homes The Council will continue to spread the cost incurred by Council in settling weathertight homes claims by funding claims from borrowings and spreading the rates funded repayment across a number of years. The LTP assumes that the Council's weathertight homes liability will be fully settled and the associated borrowing repaid over the 10 years of this LTP.	That the level of the claims and settlements is higher than provided for within the LTP.	Low	The weathertight homes liability is an actuarial calculation based on the best information currently available. The liability provided for within the Council's financial statements is $50m, a 1% change in this figure would equate to $0.5m.
General Rates Differential It is assumed that the general rates differential will remain at 2.8:1 Commercial:Base/Residential over the period of the LTP.	That Council makes the decision to change the general rates differential from forecast.	Low	If for any reason Council were compelled to make a decision to change the general rate differential, the maximum it could be expected to move would be from 2.8:1 to 1:1 Commercial:Base/Residential. This could potentially transfer the rates impost from Commercial ratepayers back to Base/Residential ratepayers of approximately $35m-$57m per annum.

-25 LTP PROJECTS AND PROGRAMMES - OPERATIONAL EXPENDITURE

legy	Strategy Name	Activity	Activity Name	Activity Component	Activity Component Name	Project	Project name	Income/ Expense	2015/16 ($000s)	2016/17 ($000s)	2017/18 ($000s)	2018/19 ($000s)	2019/20 ($000s)	2020/21 ($000s)	2021/22 ($000s)	2022/23 ($000s)	2023/24 ($000s)	2024/25 ($000s)	Total ($000s)
	Governance	1.1	Governance, information and engagement	1.1.1	City governance and engagement	C130	Annual Planning	Expense	1,109	1,121	1,142	1,201	1,237	1,269	1,298	1,323	1,351	1,389	12,441
						C132	Policy	Expense	1,478	1,508	1,534	1,615	1,647	1,711	1,749	1,776	1,800	1,813	16,631
						C134	Committee & Council Process	Expense	6,810	6,738	6,911	6,727	7,444	6,656	6,928	8,026	6,892	7,116	67,808
								Income	(17)	(585)	(13)	(13)	(489)	(14)	(14)	(478)	(15)	(15)	(1,977)
						C182	Strategic Planning	Expense	954	967	977	1,022	1,070	1,100	1,128	1,152	1,185	1,221	10,786
						C570	Town Centre Bid - Discretionary	Expense	11	11	11	12	12	12	13	13	13	14	121
						D616	Smart Capital - Marketing	Expense	539	552	566	582	599	616	636	656	679	704	6,129
					City governance and engagement Total				9,888	10,497	10,129	10,745	11,421	11,350	11,737	12,488	11,907	12,330	112,892
				1.1.2	Civic information	C434	WCC City Service Centre	Expense	983	1,005	1,021	1,068	1,116	1,147	1,175	1,195	1,217	1,241	11,089
								Income	(17)	(159)	(122)	(124)	(127)	(130)	(133)	(134)	(135)	(143)	(1,204)
						C438	Call Centre SLA	Expense	2,215	2,304	2,343	2,471	2,528	2,626	2,681	2,716	2,742	2,823	25,121
								Income	(17)	(17)	(17)	(18)	(19)	(19)	(19)	(19)	(19)	(19)	(183)
						C440	Valuation Services Contract	Expense	680	697	715	734	756	777	803	828	858	888	7,736
								Income	(184)	(187)	(191)	(195)	(199)	(204)	(208)	(213)	(218)	(224)	(2,025)
						C431	Lands Information	Expense	1,517	1,544	1,569	1,642	1,700	1,745	1,782	1,807	1,830	1,885	17,021
					Civic information Total				5,122	5,221	5,312	5,585	5,791	5,949	6,086	6,183	6,275	6,476	58,000
				1.1.3	City Archives	C373	Archives	Expense	1,758	1,886	1,924	2,011	2,086	2,140	2,186	2,226	2,267	2,344	20,830
								Income	(182)	(186)	(189)	(193)	(197)	(202)	(207)	(211)	(215)	(222)	(1,897)
					City Archives Total				1,575	1,700	1,735	1,821	1,888	1,938	1,979	2,014	2,050	2,122	18,933
			Governance, information and engagement Total						16,586	17,418	17,175	18,152	19,100	19,238	19,802	20,686	20,232	20,928	189,826
		1.2	Maori and Mana Whenua partnerships	1.2.1	Maori and Mana Whenua partnerships	C129	Funding agreements – Maori	Expense	203	208	213	219	224	231	238	245	252	262	2,297
						D687	Maori Engagement	Expense	79	80	83	85	87	90	93	96	99	103	895
					Maori and Mana Whenua partnerships Total				281	288	296	304	312	321	330	340	352	365	3,190
			Maori and Mana Whenua partnerships Total						281	288	296	304	312	321	330	340	352	365	3,190
	Governance Total								16,867	17,706	17,471	18,456	19,412	19,558	20,132	21,026	20,584	21,293	192,706
	Environment	2.1	Gardens, beaches and green open spaces	2.1.1	Local parks and open spaces	A004	Parks and Reserves Planning	Expense	646	666	691	668	704	737	760	781	778	801	7,110
						A011	Reserves Unplanned Maintenance	Expense	171	175	179	185	206	211	218	231	238	247	2,060
						C515	Turf Management	Expense	1,384	1,305	1,334	1,282	1,338	1,348	1,375	1,413	1,440	1,480	13,284
								Income	(8)	(8)	(8)	(8)	(8)	(8)	(9)	(9)	(9)	(9)	(86)
						C517	Park Furniture Maintenance	Expense	1,637	1,618	1,659	1,744	1,821	1,836	1,718	1,825	1,887	1,937	17,671
						C518	Maint- Park/Built/ Infrastruct	Expense	1,800	1,817	1,876	1,849	1,910	1,894	1,949	2,011	2,055	2,098	19,280
								Income	(195)	(203)	(207)	(211)	(215)	(220)	(225)	(231)	(236)	(242)	(2,188)
						C562	Horticultural Operations	Expense	1,900	1,922	1,944	2,036	2,114	2,162	2,214	2,271	2,332	2,397	21,295
								Income	(30)	(31)	(31)	(32)	(32)	(33)	(34)	(35)	(36)	(36)	(330)
						C564	Arboricultural Operations	Expense	1,417	1,419	1,418	1,494	1,543	1,554	1,566	1,603	1,612	1,633	14,810
								Income	(178)	(181)	(185)	(189)	(192)	(197)	(201)	(206)	(211)	(218)	(1,956)
					Local parks and open spaces Total				8,141	8,390	8,547	8,829	9,177	9,259	9,355	9,636	9,811	10,107	90,462
				2.1.2	Botanical gardens	C560	Botanic Gardens Services	Expense	4,753	4,931	5,050	5,152	5,547	5,599	5,835	6,069	6,248	6,465	55,971
								Income	(387)	(394)	(402)	(410)	(419)	(428)	(438)	(448)	(459)	(471)	(4,255)
					Botanical gardens Total				4,365	4,537	4,648	4,742	5,128	5,171	5,401	5,621	5,789	5,994	51,716
				2.1.3	Beaches and coast operations	C290	Coastal Operations	Expense	1,409	1,441	1,212	1,240	1,192	1,221	1,241	1,273	1,323	1,365	12,750
								Income	(51)	(52)	(53)	(54)	(55)	(56)	(58)	(59)	(61)	(62)	(581)
					Beaches and coast operations Total				1,358	1,393	1,159	1,186	1,137	1,166	1,188	1,214	1,262	1,303	12,170
				2.1.4	Roads open spaces	C006	Open Space Vegetation Mgmt	Expense	0	0	0	0	0	0	0	0	0	0	0
						C0064	Road Corridor Growth Control	Expense	1,293	1,322	1,351	1,398	1,439	1,479	1,523	1,566	1,615	1,669	14,654
								Income	(411)	(420)	(445)	(463)	(473)	(483)	(495)	(507)	(519)	(532)	(4,755)
						C289	Street Cleaning	Expense	6,804	7,104	7,368	7,648	7,988	8,215	8,687	8,954	9,254	9,578	81,789
								Income	(284)	(503)	(516)	(535)	(560)	(554)	(569)	(578)	(587)	(597)	(5,183)
					Roads open spaces Total				7,451	7,499	7,958	8,289	8,610	8,955	9,346	9,635	9,963	10,318	88,225
				2.1.5	Town belts	A008	Hazardous Trees Removal	Expense	444	455	464	482	496	509	523	537	552	569	5,052
								Income	(6)	(6)	(6)	(6)	(6)	(6)	(7)	(7)	(7)	(7)	(64)
						C514	Town Belts Planting	Expense	707	716	726	744	755	771	798	829	852	879	7,783
						C524	Townbelt/Reserves Management	Expense	3,111	3,829	4,149	4,686	5,052	5,278	5,394	5,842	6,488	6,736	50,956
								Income	(744)	(749)	(756)	(769)	(784)	(777)	(783)	(790)	(797)	(809)	(7,687)
					Town belts Total				4,415	4,736	5,079	5,648	6,032	6,285	6,432	6,918	7,585	7,879	61,019
				2.1.6	Community environmental initiatives	C515	Community greening initiatives	Expense	625	670	665	758	807	806	829	879	887	908	7,816
						C612	Environmental Grants Pool	Expense	129	131	101	101	102	102	103	103	103	103	1,048
					Community environmental initiatives Total				743	790	767	851	904	908	932	981	985	1,012	8,864
				2.1.7	Walkways	C261	Walkway Maintenance	Expense	582	600	639	686	731	756	781	827	856	879	7,337
					Walkways Total				582	600	639	686	731	756	781	827	856	879	7,337
				2.1.8	Biodiversity (pest management)	C109	Weeds & Hazardous Trees Monit	Expense	1,366	1,395	1,403	1,413	1,467	1,499	1,537	1,581	1,621	1,665	14,947
								Income	(38)	(39)	(40)	(41)	(42)	(43)	(44)	(45)	(46)	(47)	(423)
						C110	Animal Pest Management	Expense	339	345	354	368	368	378	388	397	407	419	3,764
					Biodiversity (pest management) Total				1,668	1,700	1,718	1,722	1,793	1,834	1,881	1,933	1,982	2,037	18,268
				2.1.9	Waterfront Public Space	C491	Waterfront Public Space Management	Expense	1,737	1,726	1,761	1,703	2,164	1,826	1,884	1,858	1,748	1,808	18,176
								Income	(301)	(307)	(313)	(319)	(326)	(333)	(341)	(349)	(357)	(368)	(3,313)
					Waterfront Public Space Total				1,436	1,419	1,452	1,383	1,838	1,493	1,543	1,509	1,390	1,437	14,863
			Gardens, beaches and green open spaces Total						30,557	31,415	32,086	34,069	35,546	36,183	37,069	38,466	35,873	41,717	356,378
	2.2		Waste reduction and energy conservation	2.2.1	Waste minimisation, disposal and recycling management	C076	Landfill Operations & Maint	Expense	3,896	3,692	3,778	3,767	3,879	4,004	4,117	4,264	4,391	4,535	39,823
								Income	(5,191)	(5,249)	(5,319)	(5,961)	(6,072)	(6,260)	(5,985)	(6,476)	(6,626)	(6,837)	(59,976)
						C0/6A	Suburban Refuse Collection	Expense	2,816	2,924	2,999	3,089	3,181	3,275	3,379	3,486	3,603	3,730	32,103
								Income	(3,567)	(5,474)	(3,495)	(3,567)	(3,647)	(3,731)	(3,809)	(3,900)	(3,994)	(4,095)	(37,886)
						C079	Domestic Recycling	Expense	4,676	4,799	4,906	5,041	5,192	5,344	5,511	5,689	5,869	6,073	53,080
								Income	(3,804)	(3,805)	(3,735)	(3,840)	(3,730)	(3,332)	(3,379)	(3,468)	(5,543)	(5,633)	(36,360)
						C391	Waste Minimisation Info	Expense	1,817	1,833	1,864	1,922	1,944	1,992	2,020	2,039	2,089	2,142	19,673
								Income	(1,013)	(1,053)	(1,065)	(1,076)	(1,097)	(1,121)	(1,148)	(1,175)	(1,205)	(1,234)	(11,157)
						C116	Litter Enforcement	Expense	92	94	95	109	106	107	110	111	113	117	1,054
					Waste minimisation, disposal and recycling management Total				7	28	44	174	260	318	817	551	695	772	3,671
				2.2.2	Closed landfills aftercare	D077	Closed Landfill Gas Mgt Mont	Expense	322	414	322	354	330	303	309	284	252	184	2,975
					Closed landfills aftercare Total				322	414	322	354	330	303	309	284	252	184	2,975
				2.2.3	Energy efficiency and conservation	D662	Smart Energy	Expense	282	334	134	135	136	137	197	139	140	142	1,476
								Income	(46)	(47)									(93)
					Energy efficiency and conservation Total				236	287	134	135	136	137	197	139	140	142	1,681
			Waste reduction and energy conservation Total						765	729	499	663	726	658	1,323	974	1,091	1,098	8,327
	2.3		Water	2.3.1	Water network	C112	Water - Meter Reading	Expense	136	134	137	141	145	149	154	158	163	168	1,485
						C113	Water - Network Maintenance	Expense	3,894	3,916	4,014	4,205	4,321	4,445	4,582	4,724	4,884	5,053	44,116
						C412	Water - Water Connections	Expense	0	0	0	0	0	0	0	0	0	0	0
								Income	(35)	(35)	(36)	(37)	(38)	(38)	(39)	(40)	(41)	(42)	(382)
						C462	Water - Pump Stations Maintenance / Ops	Expense	960	981	1,010	1,041	1,080	1,116	1,156	1,199	1,247	1,297	11,091
						C463	Water - Asset Stewardship	Expense	17,115	17,447	18,750	19,264	19,531	20,365	21,048	21,764	23,533	25,456	202,268
						C126	Water - Reservoir / Dam Maintenance	Expense	103	100	130	207	109	112	115	119	125	129	1,172
						C547	Water - Monitoring & Investigation	Expense	531	511	539	614	649	682	739	751	776	802	6,668
						C671	Water - Asset Management	Expense	618	621	611	605	612	669	687	704	724	746	6,648
					Water network Total				23,360	23,752	25,274	25,975	26,450	28,003	28,431	28,989	31,206	33,646	273,084
				2.3.2	Water collection and treatment	C113	Water - Bulk Water Purchase	Expense	14,932	16,179	17,219	19,130	21,217	23,758	25,752	26,663	28,076	29,468	222,431

Opex

Item 4.1 Attachment 1

				Water collection and treatment Total				14,932	16,179	17,219	19,130	21,217	23,758	25,753	26,663	28,076	29,469	223,414
		Water Total						38,292	39,931	42,493	45,083	47,667	51,800	54,583	55,652	58,282	61,125	495,498
	2.4	Wastewater	2.4.1	Sewage collection and disposal network	A041	Wastewater - Asset Stewardship	Expense	13,746	14,041	15,139	15,730	16,069	17,136	17,387	17,731	19,573	19,618	165,914
							Income	(521)	(527)	(539)	(552)	(566)	(581)	(597)	(718)	(733)	(749)	(6,768)
					C084	Wastewater - Trade Waste Monitoring & Investigation	Expense	222	227	215	224	231	237	247	247	253	260	2,344
					C084A	Wastewater - Network Maintenance	Expense	2,225	2,274	2,304	2,388	2,454	2,522	2,587	2,672	2,757	2,849	25,052
					C497	Wastewater - Asset Management	Expense	561	561	578	564	630	632	630	635	643	642	6,045
					C091	Wastewater - Monitoring & Investigation	Expense	1,289	1,304	1,294	1,324	1,346	1,381	1,391	1,421	1,464	1,509	13,720
					C107	Wastewater - Pump Station Maintenance / Ops	Expense	1,111	1,134	1,165	1,331	1,364	1,301	1,350	1,398	1,451	1,508	13,113
				Sewage collection and disposal network Total				18,142	18,881	20,056	20,805	21,308	22,533	22,880	23,375	25,168	25,833	218,186
			2.4.2	Sewage treatment	C067	Wastewater - Treatment Plants	Expense	20,779	21,656	22,831	23,761	24,519	26,344	27,556	28,791	30,611	31,557	278,115
					C417	Sewerage Disposal	Expense	1,870	1,919	1,997	2,088	2,180	2,242	2,289	2,258	2,349	2,423	21,214
							Income	(818)	(829)	(842)	(955)	(869)	(884)	(930)	(1,018)	(754)	(752)	(8,799)
				Sewage treatment Total				22,036	22,966	24,186	25,153	26,350	27,822	29,055	30,333	32,227	33,577	273,306
		Wastewater Total						40,178	41,847	44,242	45,958	47,658	50,355	51,936	53,708	57,395	59,410	492,905
	2.5	Stormwater	2.5.1	Stormwater management	A043A	Stormwater - Asset Stewardship	Expense	12,984	13,418	14,602	14,491	15,988	16,957	17,256	17,918	19,698	20,189	164,600
					C086C	Stormwater - Network Maintenance	Expense	1,966	1,989	2,033	2,104	2,162	2,237	2,287	2,353	2,427	2,507	22,065
					C090	Stormwater - Monitoring & Investigation	Expense	725	811	673	709	720	738	902	929	802	827	7,852
							Income	(18)	(18)	(18)	(18)	(18)	(111)	(111)	(111)	(113)	(117)	(565)
					C498	Stormwater - Asset Management	Expense	836	790	711	688	742	742	758	771	781	813	7,732
					C677	Sewage Maintenance	Expense	984	1,007	1,031	1,063	1,094	1,131	1,160	1,199	1,235	1,278	11,179
							Income	(236)	(242)	(248)	(254)	(257)	(268)	(274)	(268)	(272)	(277)	(2,576)
					C689	Stormwater - Pump Station Maintenance / Ops	Expense	38	39	40	41	43	43	41	46	47	48	426
				Stormwater management Total				17,442	17,902	18,953	19,923	20,580	21,655	22,356	22,883	24,817	25,476	213,986
		Stormwater Total						17,442	17,902	18,953	19,923	20,580	21,655	22,356	22,883	24,817	25,476	213,986
	2.6	Conservation attractions	2.6.1	Conservation visitor attractions	A288	Karori Sanctuary	Expense	1,490	1,512	1,532	1,552	1,566	1,564	1,565	1,586	1,586	1,587	15,538
					C046	Wellington Zoo Trust	Expense	4,969	5,005	5,200	5,289	5,384	5,484	5,557	5,617	5,707	5,756	54,176
					C426	Marine Conservation Centre	Expense	9	9	6,167	251	256	229	188	149	181	50	7,441
				Conservation visitor attractions Total				6,459	6,525	12,899	7,112	7,215	7,277	7,349	7,347	7,394	7,427	77,155
		Conservation attractions Total						6,459	6,525	12,899	7,112	7,215	7,277	7,349	7,347	7,394	7,427	77,155
Environment Total								133,893	138,445	151,172	152,708	159,202	167,907	174,216	179,029	189,844	195,545	1,642,077
Economic Development	3.1	City promotions and business support	3.1.1	MREDA	C105	Positively Wellington Tourism	Expense	5,600,000	5,600,000	5,600,000	5,600,000	5,600,000	5,600,000	5,600,000	5,600,000	5,600,000	5,600,000	56,300,000
					C581	Events Fund	Expense	4,723,075	4,523,075	4,773,075	5,023,075	5,023,075	5,023,075	5,023,075	5,023,075	5,023,075	5,023,075	49,180,745
					C696	Wellington Venues	Expense	18,596,404	18,941,053	19,071,129	20,192,448	20,362,110	20,468,884	21,630,944	22,215,406	22,959,180	24,463,148	208,903,306
							Income	(14,364,601)	(14,637,752)	(14,525,026)	(15,241,054)	(15,557,079)	(15,901,836)	(16,275,319)	(16,683,169)	(17,085,383)	(17,496,327)	(159,127,726)
					C692	Destination Wellington	Expense	1,775,000	1,775,000	1,775,000	1,775,000	1,775,000	1,775,000	1,775,000	1,775,000	1,775,000	1,775,000	17,750,000
					C695	City Innovation	Expense	635,586	649,047	662,695	800,217	823,083	843,988	861,726	875,460	889,010	912,264	8,553,067
				MREDA Total				17,165,264	17,090,442	17,106,880	18,179,686	18,056,188	17,839,112	18,640,027	18,855,771	19,110,881	20,307,159	182,458,391
			3.1.2	Wellington convention centre	C703	Wellington Convention Centre	Expense	-	464,050	657,134	1,419,130	2,691,344	3,557,149	3,525,716	3,494,671	3,515,959	3,484,556	22,789,713
							Income	-	(464,050)	(551,250)	(917,833)	(285,060)	(189,944)	(590,361)	(1,384,035)	(2,088,836)	(2,849,485)	(9,247,473)
				Wellington convention centre Total				-	**0**	**768,384**	**1,721,963**	**2,906,404**	**3,747,893**	**2,966,357**	**2,110,636**	**1,427,123**	**635,073**	**15,542,233**
			3.1.3	Retail support (free weekend parking)	C105B	CBD Weekend Parking	Expense	1,356,055	1,390,835	1,427,033	1,467,372	1,510,502	1,555,069	1,606,525	1,659,437	1,719,263	1,780,616	15,472,708
				Retail support (free weekend parking) Total				1,356,055	1,390,835	1,427,033	1,467,372	1,510,502	1,555,069	1,606,525	1,659,437	1,719,263	1,780,616	15,472,708
			3.1.4	WEID, economic growth and economic grants	C647	Economic Development Grant Pool	Expense	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	500,000
					C653	Economic Growth Strategy	Expense	548,881	555,436	562,281	591,126	611,727	627,570	642,354	655,444	671,913	692,786	6,159,398
					C696	City Growth Fund	Expense	3,000,000	3,075,000	3,153,000	3,242,000	3,333,000	3,429,000	3,540,000	3,654,000	3,783,000	3,916,000	34,125,000
				WEID, economic growth and economic grants Total				3,598,881	3,680,436	3,765,281	3,881,126	3,994,727	4,106,570	4,232,354	4,359,444	4,504,913	4,660,786	40,784,398
			3.1.5	Major economic projects	C704	Airport Runway Extension	Expense	-	-	-	-	2,167,100	4,333,550	6,500,000	4,500,000	6,500,000	8,500,000	32,500,650
					C705	Indoor Arena	Expense	-	-	-	-	-	209,572	1,861,157	4,199,176	4,639,054	4,709,697	15,638,654
					C709	Westpac Stadium	Expense	-	5,000,000	-	-	-	-	-	-	-	-	5,000,000
				Major economic projects Total				-	**5,000,000**	-	-	**2,167,100**	**4,543,122**	**8,361,157**	**10,699,176**	**11,139,051**	**11,209,697**	**53,139,304**
			3.1.6	Regional and external relations	C145	International Relations	Expense	572,149	582,777	592,674	620,494	635,019	649,767	662,280	671,327	679,155	693,784	6,358,422
				Regional and external relations Total				572,149	**582,777**	592,674	620,494	635,019	649,767	662,280	671,327	679,155	693,784	6,358,422
			3.1.7	Business improvement districts	C645	Marsden Village	Expense	14,000	14,350	14,714	15,120	15,554	16,022	16,520	17,052	17,604	18,284	159,250
					C698	Miramar BID	Expense	100,000	102,500	105,100	108,000	111,100	114,300	118,000	121,800	126,100	130,800	1,137,500
				Business improvement districts Total				114,000	116,850	119,814	123,120	126,654	130,322	134,520	138,852	143,704	148,984	1,296,750
		City promotions and business support Total						22,836,349	27,851,340	23,880,046	25,993,762	29,490,594	32,591,035	36,610,221	38,494,644	38,723,236	39,635,980	316,053,206
Economic Development Total								**22,836,349**	**27,851,340**	**23,880,046**	**25,993,762**	**29,490,594**	**32,591,035**	**36,610,221**	**38,494,644**	**38,723,236**	**39,635,980**	**316,053,206**
Cultural Wellbeing	4.1	Arts and Cultural Activities	4.1.1	Galleries and museums (WMT)	C102	Wellington Museums Trust	Expense	8,707,524	8,932,937	9,086,087	9,247,842	9,423,314	9,599,940	9,782,962	10,006,301	10,256,417	10,521,453	95,534,777
					C702	Museum of Conflict	Expense	500,000	512,500	525,500	1,140,000	630,000	630,000	630,000	650,000	650,000	650,000	6,818,000
					C707	Movie Museum	Expense	-	024,985	1,193,948	2,554,761	4,631,073	6,126,863	5,962,737	5,467,632	5,303,282	5,246,230	37,311,460
							Income	-	(924,985)	-	-	(1,250,000)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)	(3,144,309)	(17,219,294)
				Galleries and museums (WMT) Total				9,207,524	9,445,437	11,197,534	12,942,602	13,434,387	13,325,802	13,375,699	13,122,933	13,209,700	13,273,374	122,444,943
			4.1.2	Visitor attractions (Te Papa/Carter Observatory)	C440	Te Papa Funding	Expense	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	22,500,000
					C659	Carter Observatory	Expense	593,743	614,450	629,288	656,100	655,072	627,542	657,222	671,791	690,080	722,918	6,512,905
				Visitor attractions (Te Papa/Carter Observatory) Total				2,843,743	2,864,450	2,879,288	2,906,100	2,905,072	2,877,542	2,907,222	2,921,791	2,940,080	2,972,918	29,012,905
			4.1.3	Arts and cultural festivals	C130E	Community Events Programme	Expense	2,670,330	2,722,500	2,791,726	2,865,704	2,959,564	3,036,760	3,117,439	3,191,355	3,265,039	3,377,610	29,988,457
							Income	(435,639)	(417,422)	(425,614)	(434,626)	(443,626)	(453,470)	(464,120)	(475,180)	(486,602)	(498,930)	(4,509,299)
					C597	Neighbourly Day	Expense	21,879	22,423	22,992	23,636	24,305	25,005	25,814	26,945	27,586	28,579	249,043
				Arts and cultural festivals Total				2,282,568	2,327,501	2,379,104	2,454,704	2,540,291	2,608,295	2,679,133	2,742,820	2,805,974	2,907,241	25,728,201
			4.1.4	Cultural grants	C661	Cultural Grants Pool	Expense	857,679	969,227	990,521	1,195,768	1,212,444	1,229,453	1,246,802	1,264,488	1,282,548	1,300,956	11,539,896
				Cultural grants Total				857,679	969,227	990,521	1,195,768	1,212,444	1,229,453	1,246,802	1,264,488	1,282,548	1,300,956	11,539,896
			4.1.5	Access and support for community arts	C101A	Wgtn Conc Cnr Comm Subsidy	Expense	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	2,000,000
					C130K	Community Arts Programme	Expense	450,039	516,013	528,149	398,196	410,126	421,338	431,720	440,017	447,437	460,955	4,515,953
							Income	(62,000)	(63,176)	(64,418)	(65,782)	(67,146)	(68,634)	(70,248)	(71,920)	(73,856)	(75,516)	(682,496)
				Access and support for community arts Total				587,039	652,836	663,731	532,374	542,982	552,704	561,454	568,097	573,581	585,439	5,833,457
			4.1.6	Arts partnerships	C422	NZSO Subsidy	Expense	216,000	216,000	216,000	216,000	216,000	216,000	216,000	216,000	216,000	216,000	2,160,000
					C605	Toi Poneke Arts Centre	Expense	1,242,692	1,271,852	1,300,440	1,348,037	1,393,250	1,418,648	1,446,960	1,483,552	1,513,912	1,559,027	13,970,219
							Income	(515,390)	(525,183)	(535,491)	(546,629)	(559,166)	(570,537)	(582,937)	(597,853)	(612,284)	(627,745)	(5,673,417)
					C670	Public Art Fund	Expense	393,055	397,977	402,291	413,280	420,429	426,896	432,583	436,839	440,403	447,599	4,211,738
					C710	New Zealand Ballet	Expense	153,000	153,501	154,925	100,000	100,000	100,000	100,000	100,000	100,000	100,000	1,161,426
					C713	Orchestra Wellington	Expense	272,000	275,264	279,169	-	-	-	-	-	-	-	826,433
				Arts partnerships Total				1,761,337	1,799,811	1,817,334	1,530,466	1,561,461	1,591,007	1,613,516	1,639,538	1,658,028	1,668,281	16,656,800
			4.1.7	Regional Amenities Fund	C601	Regional Amenities Fund	Expense	609,425	609,431	609,436	609,443	609,450	609,457	609,465	609,474	609,484	609,494	6,094,956
				Regional Amenities Fund Total				609,425	609,431	609,436	609,443	609,450	609,457	609,465	609,474	609,484	609,494	6,094,956
		Arts and Cultural Activities Total						18,155,314	18,662,121	20,435,949	22,171,480	22,806,027	22,794,259	22,993,261	22,868,150	23,079,595	23,344,406	217,310,561
Cultural Wellbeing Total								**18,155,314**	**18,662,121**	**20,435,949**	**22,171,480**	**22,806,027**	**22,794,259**	**22,993,261**	**22,868,150**	**23,079,595**	**23,344,406**	**217,310,561**
Social and Recreation	5.1	Recreation promotion and support	5.1.1	Swimming Pools	C034	Swimming Pools Operations	Expense	20,435	20,919	20,834	21,637	21,892	22,625	23,587	23,727	24,259	24,966	224,972
							Income	(7,587)	(7,799)	(7,828)	(8,090)	(8,118)	(8,132)	(8,473)	(8,740)	(9,018)	(9,314)	(83,380)
				Swimming Pools Total				12,889	13,120	13,046	13,547	13,774	14,493	15,125	14,987	15,200	15,611	141,592
			5.1.2	Sportsfields	C662	Sportsfields Operations	Expense	3,405	3,473	3,482	3,616	3,667	3,727	3,808	3,846	3,897	4,017	36,938
							Income	(295)	(301)	(307)	(313)	(320)	(327)	(334)	(342)	(351)	(360)	(3,250)
				Sportsfields Total				3,110	3,171	3,175	3,303	3,347	3,400	3,473	3,504	3,546	3,657	33,688
			5.1.3	Sportsfields (Synthetic)	C662	Synthetic Turf Sport Operations	Expense	1,314	1,341	1,562	1,566	1,474	1,402	1,197	1,325	1,420	1,416	14,082
							Income	(524)	(534)	(572)	(584)	(596)	(609)	(623)	(638)	(664)	(678)	(6,023)
				Sportsfields (Synthetic) Total				830	811	990	982	878	793	574	687	756	746	8,058
			5.1.4	Recreation Centres	C657	Recreation Centres	Expense	2,722	2,777	2,833	2,941	3,032	3,089	3,144	3,306	3,308	3,297	30,371
							Income	(753)	(767)	(782)	(795)	(816)	(834)	(853)	(874)	(905)	(917)	(8,295)
					C649	ASB Sports Centre	Expense	6,380	7,187	7,106	7,236	7,376	7,370	7,461	7,552	7,484	7,673	73,333
							Income	(1,554)	(1,946)	(1,978)	(2,028)	(2,060)	(2,107)	(2,170)	(2,208)	(2,252)	(2,319)	(20,950)
				Recreation Centres Total				7,044	7,208	7,158	7,351	7,448	7,318	7,614	7,826	7,586	7,734	74,378

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			6.1.5	Recreation partnerships	C008	Basin Reserve Trust	Expense	1,043	1,389	1,396	1,415	1,426	1,837	1,980	2,023	2,067	2,210	16,944
					C444	Recreational NZ Academy Sport	Expense	69	81	81	81	81	81	81	81	81	81	650
				Recreation partnerships Total				1,068	1,714	1,341	1,498	1,871	1,956	2,034	2,067	2,113	2,255	17,596
			6.1.6	Playgrounds	C139	PlayGrd & Skate Facility Main	Expense	737	747	776	804	836	840	827	773	783	777	7,900
				Playgrounds Total				737	747	776	804	836	840	827	773	783	777	7,900
			6.1.7	Marinas	C418	Marina Operations	Expense	692	669	688	709	736	662	777	822	854	888	7,817
							Income	(592)	(603)	(615)	(628)	(641)	(655)	(671)	(687)	(705)	(721)	(6,517)
				Marinas Total				10	66	73	82	115	6	106	135	151	166	920
			6.1.8	Golf Course	C668	Municipal Golf Course	Expense	339	377	375	383	385	380	379	383	388	395	3,833
							Income	(171)	(92)	(122)	(115)	(117)	(122)	(122)	(123)	(128)	(132)	(1,140)
				Golf Course Total				193	181	163	168	168	182	157	158	160	164	1,675
			6.1.9	Recreation programmes	C1300	Recreation Programmes	Expense	282	287	291	306	314	322	330	336	344	354	3,166
							Income	(15)	(15)	(14)	(16)	(16)	(17)	(17)	(17)	(18)	(18)	(165)
				Recreation programmes Total				267	271	276	290	298	305	313	319	326	335	3,001
		Recreation promotion and support Total						26,169	26,789	26,998	28,065	28,634	29,433	30,224	30,758	30,550	31,446	288,606
	6.2	Community support	6.2.1	Libraries	D010	Library Network - Wide Operation	Expense	14,680	16,021	16,861	17,729	17,494	18,238	18,778	19,314	20,098	16,482	176,383
							Income	(982)	(845)	(767)	(731)	(644)	(678)	(723)	(554)	(545)	(547)	(6,817)
					C467	Branch Libraries	Expense	6,003	6,298	7,019	7,930	8,144	8,299	8,530	8,606	8,676	8,891	78,395
							Income	(609)	(615)	(626)	(636)	(639)	(642)	(666)	(680)	(695)	(715)	(6,510)
				Libraries Total				19,153	20,859	22,491	24,304	24,358	25,219	26,074	27,207	27,533	24,114	243,432
			6.2.2	Access support (Leisure Card)	C415	Passport to Leisure Programme	Expense	105	106	108	114	117	120	123	124	126	130	1,173
				Access support (Leisure Card) Total				105	106	108	114	117	120	123	124	126	130	1,173
			6.2.3	Community advocacy	C150	Community Advice & Information	Expense	1,279	1,291	1,310	1,376	1,412	1,449	1,482	1,509	1,535	1,576	14,218
				Community advocacy Total				1,279	1,291	1,310	1,376	1,412	1,449	1,482	1,509	1,535	1,576	14,218
			6.2.4	Grants (Social and Recreation)	C130	Community Grants	Expense	715	766	1,088	222	215	228	230	232	234	237	3,139
					C637	Support for Wgtn Homeless	Expense	142	143	148	153	156	157	160	163	166	169	1,553
					C678	Social & Recreational Grant Pool	Expense	3,787	3,575	3,122	3,362	3,413	3,455	3,502	3,555	3,604	3,655	34,343
							Income											0
				Grants (Social and Recreation) Total				3,643	3,584	4,357	3,740	3,791	3,841	3,896	3,950	4,005	4,062	39,275
			6.2.5	Housing	C125	Housing Operations and Misc	Expense	23,741	23,857	25,251	26,249	26,161	26,072	26,844	26,605	27,982	22,596	264,486
							Income	(21,635)	(22,391)	(24,323)	(24,857)	(25,836)	(25,913)	(26,573)	(26,554)	(25,536)	(26,301)	(274,814)
					C680	Housing Upgrade Project	Expense	1,799	1,614	1,536	1,543	1,630	1,736	2,053	2,185	2,481	2,500	18,969
							Income	(1,837)	(18,717)	(1,116)								(41,485)
				Housing Total				(1,732)	(13,390)	1,330	1,081	1,955	1,896	4,524	3,757	4,927	2,895	(4,057)
			6.2.6	Community centres and halls	M98	Cmty Props Programmed Maint	Expense	498	499	499	608	621	700	585	579	674	695	6,356
							Income	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(39)
					C068	Community Halls Ops and Maint	Expense	189	187	217	766	589	479	468	480	502	535	3,756
							Income	(186)	(190)	(165)	(469)	(451)	(442)	(433)	(441)	(451)	(455)	(4,139)
					C1308	Community Prop & Facility Ops	Expense	2,279	2,348	2,375	2,516	2,641	2,776	2,849	2,918	2,984	3,129	26,800
							Income	(188)	(192)	(196)	(200)	(204)	(209)	(209)	(215)	(220)	(225)	(1,913)
					C150	Accommodation Assistance Fund	Expense	334	334	334	334	334	334	334	334	334	334	3,340
				Community centres and halls Total				2,921	3,218	3,296	3,420	3,687	3,882	3,879	3,849	4,126	4,285	36,721
		Community support Total						9,579	13,857	32,892	34,034	35,320	36,450	39,977	40,496	42,152	44,060	370,759
	6.3	Public health and safety	6.3.1	Burials and cremations	D007	Burial & Cremation Operations	Expense	1,648	1,724	1,786	1,893	1,969	2,017	2,076	2,129	2,186	2,282	19,644
							Income	(803)	(858)	(875)	(893)	(917)	(932)	(956)	(977)	(1,000)	(1,025)	(9,228)
				Burials and cremations Total				845	867	912	1,000	1,052	1,086	1,082	1,143	1,186	1,258	10,416
			6.3.2	Public toilets	D077	Contracts - Public Conveniences	Expense	2,661	2,756	2,901	3,050	3,167	3,274	3,313	3,568	3,689	3,910	32,288
				Public toilets Total				2,661	2,756	2,901	3,050	3,167	3,274	3,313	3,568	3,689	3,910	32,288
			6.3.3	Public health regulations	C478	Public Health	Expense	4,668	4,618	4,899	4,977	5,104	5,231	5,357	5,459	5,584	5,747	51,844
							Income	(3,211)	(3,272)	(3,336)	(3,364)	(3,434)	(3,510)	(3,598)	(3,678)	(3,767)	(3,862)	(34,829)
					C675	Noise Monitoring	Expense	628	661	895	765	896	840	955	917	962	979	8,154
				Public health regulations Total				2,065	2,007	2,058	2,302	2,565	2,563	2,659	2,698	2,739	2,853	24,449
			6.3.4	City safety	C675	Anti-Graffiti Flying Squad	Expense	635	647	660	679	696	713	730	748	766	791	7,066
					P169	Safe City Project Operations	Expense	2,039	2,070	2,103	2,214	2,242	2,314	2,364	2,406	2,449	2,514	22,734
				City safety Total				2,674	2,717	2,763	2,893	2,937	3,026	3,095	3,154	3,217	3,304	29,800
			6.3.5	WREMO	C140	Emergency Mgmt Plan & Train	Expense	1,090	1,118	1,191	1,231	1,277	1,301	1,336	1,372	1,377	1,422	12,715
							Income	(14)	(14)	(15)	(15)	(15)						(73)
					C443	Urgency Mgmt Rural Fire Mgmt	Expense	217	214	261	266	283	289	291	300	310	321	2,820
							Income	(79)	(80)	(50)	(93)	(93)	(93)	(93)	(94)	(94)	(95)	(763)
				WREMO Total				1,294	1,328	1,411	1,412	1,513	1,558	1,594	1,638	1,653	1,708	15,149
		Public health and safety Total						9,540	9,675	10,045	10,697	11,200	11,506	11,741	12,202	12,484	13,033	112,122
Social and Recreation Total								**45,229**	**50,321**	**69,935**	**74,795**	**75,154**	**77,389**	**81,942**	**82,956**	**85,226**	**88,540**	**731,487**
Urban Development	6.1	Urban planning, heritage and public spaces development	6.1.1	Urban planning and policy	C113	District Plan	Expense	2,017	1,964	1,738	1,829	1,876	1,926	1,960	2,003	2,034	2,067	19,454
							Income	(20)	(20)	(21)	(21)	(22)	(23)	(23)	(23)	(24)	(24)	(226)
					C630	Growth Spine Centres	Expense	350	215	257	271	279	280	292	298	304	312	2,802
				Urban planning and policy Total				2,357	2,186	1,974	2,079	2,135	2,180	2,230	2,277	2,314	2,375	22,030
			6.1.2	Waterfront development	C711	City Shaper Developments	Expense	972	991	1,011	1,160	1,137	1,113	1,141	1,170	1,201	1,238	11,133
				Waterfront development Total				972	991	1,011	1,160	1,137	1,113	1,141	1,170	1,201	1,238	11,133
			6.1.3	Public spaces and centres development	C130	Maintenance of City Art Works	Expense	320	326	339	354	365	376	383	389	404	418	3,677
					C370	Public Space/Centre Dvlt. Plan	Expense	1,849	1,820	1,847	1,949	1,753	1,826	1,867	1,897	1,930	1,981	18,719
				Public spaces and centres development Total				2,169	2,148	2,185	2,303	2,148	2,204	2,250	2,286	2,334	2,399	22,427

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			6.1.4	Built heritage development	P065	City Heritage Development	Expense	1,498	2,007	1,767	1,042	1,059	1,075	1,088	1,099	1,111	1,129	12,875
				Built heritage development Total				1,498	2,007	1,767	1,042	1,059	1,075	1,088	1,099	1,111	1,129	12,875
		Urban planning, heritage and public spaces development Total						6,896	7,347	6,938	6,585	6,479	6,579	6,717	6,833	6,959	7,140	68,468
	6.2	Building and development control	6.2.1	Building control and facilitation	C480	Building Control/Facilitation	Expense	13,107	13,296	12,923	13,573	13,924	14,264	14,570	14,775	14,930	15,277	140,760
							Income	(9,153)	(9,258)	(8,921)	(9,110)	(9,399)	(9,595)	(9,778)	(9,960)	(10,300)	(10,458)	(95,563)
					C681	Weathertight Homes	Expense	703	717	722	758	784	808	825	838	846	866	7,868
				Building control and facilitation Total				4,657	4,783	4,725	5,227	5,410	5,564	5,663	5,648	5,575	5,786	53,037
			6.2.2	Development control and facilitation	C479	Development Cont/Facilitation	Expense	5,981	6,112	6,031	6,537	6,756	6,933	7,088	7,197	7,293	7,511	67,608
							Income	(2,899)	(2,954)	(3,017)	(3,375)	(3,139)	(3,339)	(3,384)	(3,562)	(3,444)	(3,531)	(31,909)
				Development control and facilitation Total				3,082	3,158	3,209	3,461	3,617	3,724	3,803	3,835	3,849	3,980	35,720
			6.2.3	Earthquake risk mitigation - built environment	P067	Earthquake Risk Building Proj	Expense	1,710	1,998	1,959	2,047	2,112	2,052	2,099	2,138	2,180	2,245	20,140
				Earthquake risk mitigation - built environment Total				1,710	1,998	1,959	2,047	2,112	2,052	2,099	2,138	2,180	2,245	20,140
		Building and development control Total						9,449	9,938	9,892	10,735	11,139	11,340	11,565	11,621	11,604	12,011	108,896
Urban Development Total								16,345	16,881	16,830	17,320	17,618	17,919	18,283	18,453	18,564	19,152	177,364
Transport	7.1	Transport	7.1.1	Transport planning	C681	Ngauranga to Airport Corridor	Expense	691	939	910	0	0	0	0	0	0	0	2,541
					P249	Network Planning	Expense	432	438	502	503	547	561	572	581	590	605	5,899
							Income	(86)	(98)	(102)	(106)	(108)	(110)	(113)	(116)	(119)	(121)	(1,070)
				Transport planning Total				1,037	727	910	425	439	451	459	465	471	484	5,590
			7.1.2	Vehicle network	C434	Road Maintenance&Storm Cleans.p	Expense	1,649	1,683	1,736	1,781	1,843	1,886	1,950	1,998	2,043	2,102	18,719
							Income	(687)	(714)	(735)	(774)	(790)	(808)	(830)	(847)	(869)	(890)	(7,960)
					C517	Mkt Town Shared Driveways	Expense	37	37	38	39	41	42	43	44	45	47	417
					C441	Walls, Bridges & Tunnel Mntnce	Expense	282	290	296	308	317	326	335	343	352	363	3,210
							Income	(101)	(104)	(111)	(115)	(118)	(120)	(123)	(126)	(129)	(132)	(1,182)
					C444	Drains & Walls Asset Stewardship	Expense	6,301	6,603	7,186	7,430	7,550	8,086	8,269	8,451	9,250	9,821	78,600
							Income	(16)	(17)	(17)	(18)	(19)	(19)	(19)	(20)	(20)	(21)	(187)
					C445	Kerb & Channel Maintenance	Expense	723	800	828	846	871	896	922	948	978	1,011	8,824
							Income	(5.4)	(558)	(571)	(586)	(596)	(607)	(617)	(627)	(639)	(647)	(5,786)
					C413	Vehicle Network Asset Stewardship	Expense	13,358	14,026	15,684	16,795	17,707	18,748	20,717	21,793	24,871	26,883	190,182
							Income	(204)	(212)	(227)	(230)	(235)	(247)	(268)	(273)	(313)	(334)	(2,379)
					D536	Port and Ferry Access	Expense	96	101	110	115	118	121	125	128	132	136	1,183
				Vehicle network Total				21,322	22,137	24,387	25,793	26,892	29,507	30,729	31,959	33,985	37,131	285,882
			7.1.3	Cycle network	C493	Cycleways Maintenance	Expense	96	111	156	173	180	202	202	216	224	234	1,794
							Income	(36)	(39)	(43)	(47)	(47)	(49)	(50)	(51)	(53)	(53)	(468)
					C477	Cycleway Asset Stewardship	Expense	765	928	1,086	1,237	2,111	2,414	2,567	2,681	2,953	3,051	20,867
					C494	Cycleways Planning	Expense	1,399	1,153	1,151	509	518	532	545	557	585	587	7,296
				Cycle network Total				1,625	1,764	2,328	2,367	2,761	3,100	3,205	3,323	3,694	3,822	27,989
			7.1.4	Passenger transport network	C077A	Passenger Transport Facilities	Expense	658	677	700	718	737	777	809	837	868	901	7,695
							Income	(486)	(495)	(505)	(516)	(526)	(538)	(551)	(564)	(577)	(592)	(5,350)
					C530	Bus Shelter Contract Income	Expense	5	5	6	6	6	6	6	6	7	7	61
							Income	(464)	(473)	(483)	(493)	(503)	(514)	(526)	(539)	(552)	(566)	(5,112)
					C576	Passenger Transport Asset Stew	Expense	673	747	834	893	1,015	1,105	1,204	1,291	1,398	1,485	10,556
					D611	Bus Priority Plan	Expense	109	111	113	116	121	125	128	131	134	139	1,228
					C708	Cable Car	Expense		2,500									2,500
					C712	Public Transport Trials	Expense	275										275
				Passenger transport network Total				770	3,067	665	756	865	961	1,064	1,158	1,276	1,294	11,853
			7.1.5	Pedestrian network	C457	Street Furniture Maintenance	Expense	350	367	376	389	401	412	424	436	449	464	4,076
							Income	(6)	(6)	(6)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(66)
					C477	Footpaths Asset Stewardship	Expense	5,175	5,179	5,582	5,748	5,834	6,332	6,398	6,596	8,028	8,455	63,327
					C448	Pedestrian Network Maintenance	Expense	842	861	880	910	934	965	980	1,020	1,040	1,087	9,535
							Income	(23)	(24)	(24)	(25)	(26)	(26)	(27)	(28)	(28)	(30)	(262)
					C457	Ped Network Structures Maint	Expense	171	176	180	184	187	197	203	208	215	222	1,943
				Pedestrian network Total				6,509	6,543	6,977	7,192	7,319	7,860	7,970	8,415	9,694	10,180	78,658
			7.1.6	Network-wide control and management	A026	Traffic Signals System Maintenance	Expense	1,382	1,281	1,339	1,396	1,455	1,510	1,568	1,617	1,685	1,777	14,830
							Income	(548)	(558)	(587)	(619)	(638)	(659)	(681)	(699)	(716)	(736)	(6,439)
					A153A	Traffic Control Asset Stewards	Expense	2,102	2,451	2,562	2,641	2,155	2,357	2,290	2,183	2,262	2,878	23,539
							Income	(33)	(34)	(35)	(37)	(38)	(40)	(40)	(41)	(42)	(43)	(390)
					D036C	Road Marking Maintenance	Expense	968	1,001	1,023	1,050	1,091	1,133	1,154	1,185	1,220	1,261	11,066
							Income	(402)	(414)	(451)	(470)	(480)	(498)	(492)	(503)	(516)	(533)	(4,859)
					C457	Traffic Signs Maintenance	Expense	559	570	581	605	625	640	657	673	691	717	6,317
							Income	(197)	(205)	(214)	(222)	(227)	(232)	(237)	(243)	(249)	(255)	(2,281)
					C481	Network Activity Management	Expense	1,508	1,535	1,545	1,636	1,687	1,729	1,765	1,791	1,819	1,868	16,875
							Income	(874)	(891)	(908)	(927)	(947)	(968)	(990)	(1,014)	(1,038)	(1,065)	(9,622)
				Network-wide control and management Total				4,746	4,752	4,840	4,870	4,862	5,002	4,983	4,938	5,085	5,004	49,081
			7.1.7	Road safety	D036B	Street Lighting Maintenance	Expense	3,064	2,921	3,024	3,182	3,270	3,440	3,579	3,732	3,899	4,082	34,195
							Income	(1,265)	(1,295)	(1,349)	(1,419)	(1,453)	(1,487)	(1,519)	(1,553)	(1,590)	(1,629)	(14,535)
					C430	Transport Edu,ation & Promotion	Expense	681	736	748	783	806	827	847	865	885	9.2	6,060
							Income	(227)	(236)	(245)	(255)	(261)	(266)	(273)	(279)	(286)	(293)	(2,421)
					C494	Fences & Guardrails Maint	Expense	396	408	412	426	439	451	465	478	493	510	4,472
							Income	(108)	(112)	(117)	(122)	(124)	(127)	(130)	(133)	(136)	(140)	(1,249)
					C571	Safety Asset Stewardship	Expense	2,006	2,009	2,141	2,156	2,143	2,276	2,253	2,203	2,413	2,377	22,005
				Road safety Total				4,496	4,430	4,614	4,749	4,842	5,119	5,225	5,345	5,678	5,818	50,307
		Transport Total						40,129	43,409	44,422	46,133	47,979	51,989	52,826	53,643	61,383	65,737	509,860
	7.2	Parking	7.2.1	Parking	C290	Parking Services & Enforcement	Expense	12,382	12,085	12,142	12,636	13,071	13,451	13,820	14,268	14,739	15,361	134,043
							Income	(26,151)	(27,263)	(27,856)	(28,582)	(29,174)	(29,821)	(30,121)	(31,249)	(32,603)	(32,611)	(295,410)
					C376	Waterfront Parking Services	Expense	1,022	1,273	1,477	1,596	1,704	1,995	2,300	2,616	2,932	3,253	20,168
							Income	(1,884)	(1,171)	(1,207)	(1,171)	(1,119)	(1,143)	(1,198)	(1,198)	(1,227)	(1,238)	(12,965)
				Parking Total				(14,051)	(15,056)	(15,443)	(15,501)	(15,514)	(15,514)	(15,573)	(15,563)	(15,498)	(15,455)	(153,165)
		Parking Total						(14,051)	(15,056)	(15,443)	(15,501)	(15,514)	(15,514)	(15,573)	(15,563)	(15,498)	(15,455)	(153,165)
Transport Total								26,473	28,353	28,981	30,632	32,465	36,486	38,066	40,079	46,384	48,277	356,695
Council	10.1	Organisational Projects	10.1.3	Organisational	A313	Waterfront Commercial Property Services	Expense	6,809	6,790	7,132	7,519	7,633	7,956	8,491	9,013	9,613	10,118	80,815
							Income	(2,600)	(1,670)	(2,773)	(2,785)	(2,838)	(2,931)	(2,969)	(3,003)	(3,115)	(2,908)	(28,543)
					C332	Commercial Property Man & Serv	Expense	3,916	3,919	4,481	4,755	5,322	5,176	5,377	5,663	6,553	6,477	51,590
							Income	(2,855)	(2,910)	(2,967)	(3,038)	(3,092)	(3,191)	(3,235)	(3,312)	(3,350)	(3,478)	(31,432)
					C333	Civic Centre Facilities Manage	Expense	467	1,738	3,163	3,886	4,332	4,482	4,487	4,444	4,223	4,004	35,277
							Income	(2.2)	(214)	(221)	(430)	(771)	(788)	(857)	(826)	(893)	(868)	(6,046)
					C376	Information Services SLA	Expense	4,164	3,884	0	(0)	0	0	0	(0)	(0)	(0)	7,991
							Income	(71)	0	0	0	0	0	0	0	0	0	(71)
					C388	NZTA Income on Capex Work	Income	(12,648)	(17,399)	(21,387)	(12,397)	(12,795)	(13,241)	(13,647)	(13,911)	(14,236)	(15,093)	(147,157)
					C700	Waterfront Utilities Management	Expense	442	451	462	478	492	507	523	539	556	576	5,027
							Income	(426)	(429)	(432)	(441)	(450)	(460)	(471)	(482)	(494)	(509)	(4,575)
					D4G	Rates and Unallocated Organisational Costs	Expense	4,467	5,413	5,112	5,321	5,487	6,751	6,973	7,172	7,503	7,706	62,345
							Income	(285,291)	(293,106)	(293,366)	(293,437)	(284,067)	(286,106)	(288,683)	(286,740)	(291,407)	(292,791)	(2,867,798)
				Organisational Total				(283,618)	(288,624)	(303,934)	(290,393)	(280,660)	(282,282)	(284,013)	(283,579)	(285,083)	(286,833)	(2,869,019)
		Organisational Projects Total						(283,618)	(288,624)	(303,934)	(290,393)	(280,660)	(282,282)	(284,013)	(283,579)	(285,083)	(286,833)	(2,869,019)
Council Total								(283,618)	(288,624)	(303,934)	(290,393)	(280,660)	(282,282)	(284,013)	(283,579)	(285,083)	(286,833)	(2,869,019)
Total								(3,819)	9,098	26,751	9,683	79,744	92,363	108,250	119,327	187,322	148,974	764,173

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5-25 LTP PROJECTS AND PROGRAMMES - CAPITAL EXPENDITURE

ıtegy	Strategy Name	Activity	Activity Name	Activity Component	Activity Component Name	Project	Project name	Income/ Expense	2015/16 ($000s)	2016/17 ($000s)	2017/18 ($000s)	2018/19 ($000s)	2019/20 ($000s)	2020/21 ($000s)	2021/22 ($000s)	2022/23 ($000s)	2023/24 ($000s)	2024/25 ($000s)	Total ($000s)
	Governance	1.1	Governance, information and engagement	1.1.1	City governance and engagement	CX420	Committee & Council Processes	Expense		116			126			138			379
					City governance and engagement Total					116			126			138			379
			Governance, information and engagement Total							116			126			138			379
	Governance Total									116			126			138			379
	Environment	2.1	Gardens, beaches and green open spaces	2.1.1	Local parks and open spaces	CX033	Property Purchases - Reserves	Expense							2,203				2,203
						CX284	Park Structures - upgrades & renewals	Expense	471	400	888	346	356	369	377	389	402	416	4,408
						CX436	Parks Infrastructure	Expense	169	301	565	415	539	648	749	330	280	913	4,900
						CX510	Plimmer Bequest Project	Expense	650		53	647	166	579	897	616	638	660	4,606
					Local parks and open spaces Total				1,286	701	1,505	1,408	1,061	1,592	3,922	1,335	1,320	1,989	16,118
				2.1.2	Botanical gardens	CX348	Botanic Garden	Expense	433	528	704	792	490	973	1,348	517	865	1,229	7,679
					Botanical gardens Total				433	528	704	792	490	973	1,348	517	865	1,229	7,679
				2.1.3	Beaches and coast operations	CX290	Coastal - upgrades	Expense	91	52	54	55	57	58	60	62	64	67	621
						CX349	Coastal	Expense	136	124	127	130	134	138	142	147	152	157	1,388
					Beaches and coast operations Total				227	176	181	186	191	196	203	209	216	224	2,009
				2.1.5	Town belts	CX437	Town Belt & Reserves	Expense	135	248	229	251	235	242	1,411	258	267	276	3,552
					Town belts Total				135	248	229	251	235	242	1,411	258	267	276	3,552
				2.1.7	Walkways	CX435	Walkways renewals	Expense	550	1,014	1,253	501	515	530	1,174	565	584	605	7,292
					Walkways Total				550	1,014	1,253	501	515	530	1,174	565	584	605	7,292
			Gardens, beaches and green open spaces Total						2,632	2,666	3,872	3,138	2,492	3,533	8,058	2,883	3,052	4,323	36,650
		2.2	Waste reduction and energy conservation	2.2.1	Waste minimisation, disposal and recycling management	CX084	Southern Landfill Improvement	Expense	1,238	1,232	5,882	8,330	971	930	642	662	685	709	21,281
					Waste minimisation, disposal and recycling management Total				1,238	1,232	5,882	8,330	971	930	642	662	685	709	21,281
			Waste reduction and energy conservation Total						1,238	1,232	5,882	8,330	971	930	642	662	685	709	21,281
		2.3	Water	2.3.1	Water network	CX126	Water - Network renewals	Expense	12,689	9,902	9,804	6,398	13,211	12,167	12,993	12,781	13,285	15,717	118,947
						CX127	Water - Pump Station renewals	Expense	323	668	523	80	118	138	63	281	83	307	2,584
						CX295	Water - Water Meter upgrades	Expense		477	489	502	403	414	427	440	454	469	4,076
						CX326	Water - Network upgrades	Expense	1,441	1,368	1,589	3,466	2,557	1,194	951	979	1,009	1,041	15,596
						CX430	Water - Network renewals	Expense	536	509	492	621	621	569	829	654	756	768	6,045
						CX512	Water - Reservoir renewals	Expense	1,975	1,662	2,101	8,654	2,624	1,927	2,074	4,176	2,339	2,419	29,952
						CX513	Water - Reservoir upgrades	Expense	190	393	415	600	1,852	3,133	6,919	7,142	2,099	2,174	24,877
						CX518	Water - Water Meter renewals	Expense	(2)	(3)	(3)	(4)	(4)	(4)	(5)	(5)	(5)	(6)	(42)
					Water network Total				16,951	14,935	15,410	20,318	21,383	19,528	23,551	26,447	20,019	22,890	201,433
			Water Total						16,951	14,935	15,410	20,318	21,383	19,528	23,551	26,447	20,019	22,890	201,433
		2.4	Wastewater	2.4.1	Sewage collection and disposal network	CX334	Wastewater - Network renewals	Expense	9,617	9,996	10,095	8,358	10,110	9,498	9,259	10,649	12,769	24,250	114,592
						CX381	Wastewater - Network upgrades	Expense		496	2,335	2,513	2,585	219	226	233	241	249	9,057
						CX517	Wastewater - Pump Station renewals	Expense	863	874	889	927	946	972	1,002	1,033	1,068	1,105	9,682
					Sewage collection and disposal network Total				10,481	11,327	13,319	11,799	13,641	10,688	10,487	11,906	14,079	25,604	133,330
			Wastewater Total						10,481	11,327	13,319	11,799	13,641	10,688	10,487	11,906	14,079	25,604	133,330
		2.5	Stormwater	2.5.1	Stormwater management	CX031	Stormwater - Network upgrades	Expense	944	4,001	4,179	1,842	1,962	2,257	2,132	2,283	2,277	2,749	24,622
						CX151	Stormwater - Network renewals	Expense	3,511	2,939	3,473	2,227	3,281	3,311	2,539	4,862	5,196	3,515	34,864
					Stormwater management Total				4,455	7,020	7,652	4,069	5,243	5,568	4,671	7,062	7,472	6,264	59,476
			Stormwater Total						4,455	7,020	7,652	4,069	5,243	5,568	4,671	7,062	7,472	6,264	59,476
		2.6	Conservation attractions	2.6.1	Conservation visitor attractions	CX125	Zoo renewals	Expense	800	917	843	854	888	922	940	970	1,002	1,037	9,073
						CX340	Zoo upgrades	Expense	516										516
					Conservation visitor attractions Total				1,316	817	843	854	888	922	940	970	1,002	1,037	9,589
			Conservation attractions Total						1,316	817	843	854	888	922	940	970	1,002	1,037	9,589
	Environment Total								37,072	37,998	46,978	48,508	44,619	41,171	48,348	49,931	46,309	60,826	461,761
	Economic Development	3.1	City promotions and business support	3.1.2	Wellington convention centre	CX275	Wellington Venues renewals	Expense	2,219	1,742	1,353	461	1,810	1,905	2,106	1,947	781	2,103	16,422
						CX535	Convention Centre	Expense	21,500	14,500	29,003	63,948	21,049	0	0	0	0	0	150,000
					Wellington convention centre Total				23,715	16,242	30,356	64,409	22,858	1,905	2,106	1,947	781	2,103	166,422
				3.1.5	Major economic projects	CX326	Indoor Arena	Expense	0	0	0	0	0	8,330	47,702	8,877	0	0	64,908
					Major economic projects Total				0	0	0	0	0	8,330	47,702	8,877	0	0	64,908
			City promotions and business support Total						23,715	16,242	30,356	64,409	22,858	10,235	49,808	10,824	781	2,103	231,330
	Economic Development Total								23,715	16,242	30,356	64,409	22,858	10,235	49,808	10,824	781	2,103	231,330
	Cultural Wellbeing	4.1	Arts and Cultural Activities	4.1.1	Galleries and museums (WMT)	CX500	Gallery & Museum Upgrades	Expense	1,914	0	0	0	0	0	0	0	0	0	1,914
						CX534	Museum of Conflict	Expense	0	0	10,000	0	0	0	0	0	0	0	10,000
					Galleries and museums (WMT) Total				1,914	0	10,000	0	0	0	0	0	0	0	11,914
				4.1.2	Visitor attractions (Te Papa/Carter Observatory)	CX496	Cable Car Precinct	Expense	180	0	0	0	0	0	0	0	0	0	180
					Visitor attractions (Te Papa/Carter Observatory) Total				180	0	0	0	0	0	0	0	0	0	180
				4.1.4	Cultural grants	CX497	Te ara o nga tupuna - Maori heritage trails	Expense	100	0	8	122	0	0	0	0	0	0	230
					Cultural grants Total				100	0	8	122	0	0	0	0	0	0	230
				4.1.5	Access and support for community arts	CX458	Arts Installation	Expense	26	27	28	29	29	30	31	32	33	35	301
					Access and support for community arts Total				26	27	28	29	29	30	31	32	33	35	301
			Arts and Cultural Activities Total						2,220	27	10,036	150	29	30	31	32	33	35	12,624
	Cultural Wellbeing Total								2,220	27	10,036	150	29	30	31	32	33	35	12,624
	Social and Recreation	5.1	Recreation promotion and support	5.1.1	Swimming Pools	CX055	Aquatic Facility upgrades	Expense	627										627
						CX056	Aquatic Facility renewals	Expense	1,790	1,853	1,258	991	1,805	1,701	2,014	2,078	2,149	2,225	17,863
					Swimming Pools Total				2,417	1,853	1,258	991	1,805	1,701	2,014	2,078	2,149	2,225	18,490
				5.1.2	Sportsfields	CX345	Sportsfields upgrades	Expense	650	405	492	440	452	465	480	495	512	530	4,921
					Sportsfields Total				650	405	492	440	452	465	480	495	512	530	4,921
				5.1.3	Sportsfields (Synthetic)	CX506	Synthetic Turf Sportsfields renewals	Expense					35	704	724	2,128	732		4,322
						CX507	Synthetic Turf Sportsfields upgrades	Expense	560	1,399									1,959
					Sportsfields (Synthetic) Total				560	1,399			35	704	724	2,128	732		6,281
				5.1.4	Recreation Centres	CX019	Recreation Centre Renewal	Expense	227	15	322	57	28	62	343	21	16	296	1,388
						CX499	ASB Sports Centre	Expense	33	62	25	33	125	328	133	175	181	187	1,281
					Recreation Centres Total				260	77	347	90	153	390	476	196	197	483	2,669
				5.1.5	Recreation partnerships	CX503	Basin Reserve	Expense	3,468	3,085	3,058	11,480	67	69	71	73	76	78	21,525
					Recreation partnerships Total				3,468	3,085	3,058	11,480	67	69	71	73	76	78	21,525
				5.1.6	Playgrounds	CX181	Playgrounds renewals & upgrades	Expense	414	495	328	480	347	357	368	380	393	407	3,929

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				Playgrounds Total				414	455	328	480	347	357	368	380	393	407	3,929
			5.1.7	Marinas	CX341	Marina renewals	Expense	492	87	55	118	66	810	316	137	79	151	2,311
					CX342	Marina	Expense	66	54	150	116	76	619	138	70	66	82	1,437
				Marinas Total				558	141	204	234	142	1,429	454	207	146	233	3,748
		Recreation promotion and support Total						8,325	7,414	5,668	13,751	3,670	5,134	5,990	4,160	3,473	3,957	61,562
	5.2	Community support	5.2.1	Libraries	CX077	Upgrade Library Materials	Expense	2,022	2,073	2,125	2,184	2,247	2,311	2,386	2,463	2,550	2,641	23,002
					CX269	Upgrade Computer Replacement	Expense	2,690						2,584				5,274
					CX038	Central Library upgrades	Expense	16	17	17	17	18	18	19	20	20	21	183
					CX358	Branch Library upgrades	Expense	844	6,532	9,507								16,883
					CX359	Branch Libraries renewals	Expense	55	217	246	138	333	319	183	60	13	85	1,649
				Libraries Total				5,627	8,838	11,895	2,340	2,598	2,648	5,172	2,542	2,584	2,747	46,990
			5.2.5	Housing	CX370	Housing upgrades	Expense	25,295	19,341	1,250	1,140	1,020	1,121	2,615	4,135	25,132	29,734	110,784
					CX371	Housing renewals	Expense	3,826	4,151	6,626	6,462	4,207	4,257	3,348	3,073	3,190	3,302	42,442
				Housing Total				29,121	23,492	7,876	7,602	5,227	5,378	5,963	7,208	28,322	33,036	153,225
			5.2.6	Community centres and halls	CX467	Community Halls - upgrades & renewals	Expense	154	262	1,049	4,232	1,122	244	222	143	191	157	7,775
				Community centres and halls Total				154	262	1,049	4,232	1,122	244	222	143	191	157	7,775
		Community support Total						34,902	32,592	20,819	14,174	8,947	8,269	11,357	9,893	31,097	35,940	207,990
	5.3	Public health and safety	5.3.1	Burials and cremations	CX369	Burial & Cremations	Expense	635	315	384	260	367	441	527	301	317	485	4,033
				Burials and cremations Total				635	315	384	260	367	441	527	301	317	485	4,033
			5.3.2	Public toilets	CX366	Public Conveniences and pavilions	Expense	984	1,365	1,458	1,125	1,275	1,290	2,523	873	987	1,027	12,906
				Public toilets Total				984	1,365	1,458	1,125	1,275	1,290	2,523	873	987	1,027	12,906
			5.3.5	WREMO	CX372	Emergency Management renewals	Expense	52		279	13	14	7					365
				WREMO Total				52		279	13	14	7					365
		Public health and safety Total						1,671	1,680	2,121	1,398	1,656	1,738	3,050	1,174	1,305	1,512	17,304
Social and Recreation Total								44,898	41,685	28,628	29,323	14,273	15,141	20,397	15,227	35,875	41,408	286,856
Urban Development	6.1	Urban planning, heritage and public spaces development	6.1.2	Waterfront development	CX131	Wgtn Waterfront Development	Expense	4,277	6,125	2,496	404	414	425	437	449	463	478	16,969
					CX523	Waterfront Renewals	Expense	2,566	979	1,687	351	859	3,320	206	534	283	299	11,084
				Waterfront development Total				6,843	7,105	4,184	755	1,273	3,745	643	983	746	777	27,053
			6.1.3	Public spaces and centres development	CX406	Central City Framework	Expense	1,325	1,947	420	2,331	443	456	470	485	502	519	8,898
					CX446	Suburban Centres upgrades	Expense	0	0	0	1,000	1,000	0	0	0	0	0	2,000
					CX522	Minor CBD Enhancements	Expense	100	103	105	108	111	114	118	122	126	131	1,138
					CX527	Urban Regeneration Projects	Expense	0	406	403	12,089	10,391	6,393	15,095	15,000	12,400	0	72,178
				Public spaces and centres development Total				1,425	2,456	928	15,529	11,946	6,963	15,684	15,607	13,028	650	84,214
		Urban planning, heritage and public spaces development Total						8,268	9,561	5,112	16,284	13,219	10,708	16,326	16,590	13,774	1,427	111,267
	6.2	Building and development control	6.2.3	Earthquake risk mitigation - built environment	CX505	Earthquake Risk Mitigation	Expense	5,940	6,502	26,108	24,583	5,168	278	304	294	284	254	69,715
				Earthquake risk mitigation - built environment Total				5,940	6,502	26,108	24,583	5,168	278	304	294	284	254	69,715
		Building and development control Total						5,940	6,502	26,108	24,583	5,168	278	304	294	284	254	69,715
Urban Development Total								14,208	16,063	31,220	40,866	18,387	10,986	16,630	16,884	14,058	1,680	180,982
Transport	7.1	Transport	7.1.2	Vehicle network	CX086	Wall,Bridge&Tunnel renewals	Expense	2,510	2,487	2,519	2,560	2,602	11,980	4,012	2,782	3,098	2,990	37,979
					CX088	Thin Asphalt Road Surface renewals	Expense	1,741	1,633	1,661	1,897	1,760	1,847	1,897	2,136	2,068	2,074	18,735
					CX089	Reseals renewals	Expense	2,477	2,120	2,121	2,748	2,263	2,475	2,519	3,361	2,771	2,687	25,554
					CX090	Preseal Preparation renewals	Expense	3,360	2,568	2,563	3,591	2,739	3,016	3,064	4,215	3,383	3,267	31,567
					CX092	Shape & Camber Corrections	Expense	4,276	3,976	3,846	4,665	4,178	4,793	4,859	5,257	5,359	5,086	46,295
					CX093	Sumps Flood Mitigation Upgrade	Expense	9	222	227	234	241	248	255	263	273	283	2,253
					CX098	Road corridor new walls	Expense	1,451	2,204	1,521	2,322	2,388	2,457	2,533	2,617	2,704	2,801	22,997
					CX101	Service Lane Improvements	Expense			51	52	53	55	57	58	60	62	65	513
					CX165	Tunnel and bridge improvements	Expense	1,788	909	1,877	986	1,012	1,042	1,074	1,109	1,146	1,187	12,129
					CX253	Kerb & Channel renewals	Expense	2,208	1,842	1,756	1,966	2,072	2,023	2,133	3,078	3,500	3,695	24,272
					CX311	Vehicle Network New Roads	Expense			5,260	545	4,449	2,292	2,956	1,467	3,158		20,128
					CX350	Road Risk Mitigation	Expense	898	727	1,141	1,172	1,206	1,240	836	863	893	924	9,899
					CX377	Roading Capacity Projects	Expense	1,580							2,980	3,085	3,194	10,838
					CX383	Area Wide Road Maintenance	Expense	719	737	755	776	796	819	845	672	903	935	8,157
					CX493	Port and Ferry Access	Expense				2,234	1,152	1,775	2,441	2,520	2,609	2,702	15,432
				Vehicle network Total				23,017	19,479	25,300	25,981	26,912	36,062	29,481	33,592	35,032	31,899	286,755
			7.1.3	Cycle network	CX112	Cycling Improvements	Expense	5,673	12,001	17,071	7,855	2,432	2,383	2,454	2,528	2,610	2,696	57,704
				Cycle network Total				5,673	12,001	17,071	7,855	2,432	2,383	2,454	2,528	2,610	2,696	57,704
			7.1.4	Passenger transport network	CX492	Bus Priority Planning	Expense	145	902	1,140	1,910	3,246	2,711	2,886	2,937	2,894	4,088	22,859
				Passenger transport network Total				145	902	1,140	1,910	3,246	2,711	2,886	2,937	2,894	4,088	22,859
			7.1.5	Pedestrian network	CX091	Pedestrian Network Structures	Expense	118	121	239	233	130	259	137	141	285	151	1,815
					CX094	Pedestrian Network Footpath renewals	Expense	3,859	2,931	4,190	2,230	4,968	4,214	4,208	8,773	5,330	8,496	49,200
					CX099	Walking Improvements	Expense	200	409	432	451	490	522	547	565	585	606	4,807
					CX108	Street Furniture renewals	Expense	160	168	168	191	177	329	187	193	200	209	1,982
					CX109	Pedestrian Network Accessways	Expense	244	222	239	277	197	226	271	439	268	422	2,826
				Pedestrian network Total				4,583	3,851	5,269	3,383	5,962	5,551	5,351	10,112	6,668	9,883	60,631
			7.1.6	Network-wide control and management	CX095	Traffic & St Signs renewals	Expense	1,570	288	472	601	535	965	658	880	394	347	6,710
					CX353	Traffic Signal renewals	Expense	1,234	942	803	825	848	872	899	928	960	993	9,303
				Network-wide control and management Total				2,804	1,230	1,275	1,426	1,383	1,836	1,558	1,807	1,353	1,340	16,013
			7.1.7	Road safety	CX096	Safety Street Lighting renewals	Expense	766	615	630	647	665	683	704	727	751	777	6,965
					CX097	Rural road improvements	Expense	100	103	105	108	111	114	118	122	126	131	1,138
					CX171	Minor safety projects	Expense	867	938	980	1,029	1,082	1,141	1,206	1,244	1,286	1,331	11,123
					CX352	Fences & Guardrails renewals	Expense	599	614	629	646	664	683	705	727	752	778	6,796
					CX445	Safer Roads Project	Expense		1,092	629	173	579	1,100	1,744	1,800	1,864	1,930	10,912
				Road safety Total				2,352	3,360	2,973	2,602	3,101	3,721	4,477	4,619	4,779	4,947	36,933
		Transport Total						38,573	40,823	53,028	43,156	43,037	52,265	46,207	55,594	53,356	54,854	480,894
	7.2	Parking	7.2.1	Parking	CX102	Parking Asset renewals	Expense				184	862	58		1,139	1,175	1,217	1,260	5,896
					CX319	Roadside Parking Improvements	Expense	1,449	496	114	117	120	112	128	132	137	142	2,946
				Parking Total				1,449	496	298	979	179	112	1,266	1,307	1,353	1,402	8,842
		Parking Total						1,449	496	298	979	179	112	1,266	1,307	1,353	1,402	8,842
Transport Total								40,022	41,319	53,326	44,136	43,216	52,377	47,474	56,902	54,710	56,256	489,736
Council	10.1	Organisational Projects	10.1.1	Organisational	CX010	Enterprise Applications	Expense	7,762	923									8,685
					CX245	Capital Replacement Fund	Expense	4,390	4,469	4,605	4,754	4,891	5,030	5,153	5,319	5,506	5,703	49,819
					CX258	Disaster Recovery Assets	Expense	473	1,127	4,136	701	521	819	471	486	590	925	10,249
					CX260	Technology Infrastructure Assets	Expense	130	0	0								130
					CX299	PeopleSoft Version Upgrade	Expense	50	461	1,051	1,080	1,111	1,143	1,180	1,218	1,261	1,306	9,861

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Revenue and Financing Policy

Long-term Plan 2015-25

Revenue and Financing Policy

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Introduction

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

We have set out our policy under the following headings:

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

1. Policy Statement on the funding of operational expenditure

Establishing the level of operating revenue required to fund operating expenditure

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

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

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

- The estimated expenses of achieving and maintaining the predicted levels of service provision set out in the LTP, including the estimated expenses associated with maintaining the service capacity and integrity of assets throughout their useful life.

- The projected revenue available to fund the estimated expenses associated with maintaining the service capacity and integrity of assets throughout their useful life.

- The equitable allocation of responsibility for funding the provision and maintenance of assets and facilities throughout their useful life.

- The funding and financial policies adopted under section 102 of the Local Government Act 2002.

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

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

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

- Where the original asset purchase was not funded by borrowings, or the original borrowings have been repaid, and
- Where, on an ongoing basis, the replacement of the asset at the end of its useful life will be funded by a third party, or
- Where the Council has elected not to replace the asset at the end of its useful life.

- Where a third party has a contractual obligation to either maintain the service potential of the asset throughout all or part of its useful life (or to replace the asset at the end of its useful life) and the Council already effectively funds this through operating grants/tariffs payable to the third party.

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

Options available for funding Council services

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

- **General rates**. General rates are used to fund public goods where it is not possible and/or practical to clearly identify customers or users. The general rate is also used to fund activities where, for reasons of fairness, equity and consideration of the wider community good it is considered that this is the most appropriate way in which to fund an activity.

- **Targeted rates**. This form of rate is used where an activity benefits an easily identifiable group of ratepayers (such as the commercial or residential sectors) and where it is appropriate that only this group be targeted to pay for some or all of a particular service. For example, sewage disposal, water supply and the downtown targeted rate.

- **Fees and charges**. User charges are direct charges to people and/or groups who use certain Council services such as swimming pools. In these instances, an identifiable benefit exists to clearly identifiable people and/or groups and they are required to pay for all or part of the cost of using that service. It is noted that since 2006 Councils have been required to inflation adjust all income and expenditure within their LTP. Where appropriate and with consideration to 'ability to pay' principals, user charges will be increased by the rate of inflation to achieve continued alignment with the proposed funding policy targets.

- **Grants and subsidies**. Grants and subsidies apply to some activities when income from external agencies is received to support that particular activity.

- **Borrowings**. In general Council does not fund operating expenditure by borrowing. The exception is to fund the impacts on ratepayer's intergenerational equity or to fund expenditure over the period which benefits are received, such as weathertightness payments. Any borrowings associated with these expenses will be repaid over time.

- **Other sources of funding**. The Council also funds operating expenditure from other sources, including income from interest and dividends from investments held by the Council, lease income and proceeds from asset sales. Other sources of funding include:

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

  The amount of any surplus carried forward from previous financial periods will be accounted for as an operating deficit in the year the benefit is passed on to ratepayers. A surplus will be available for use in future financial periods if the actual surplus/ (deficit) is improved when compared to the budgeted surplus/ (deficit). In calculating the level of surplus to be carried forward, consideration

will be given to the nature of the factors giving rise to the surplus (for example, whether they are cash or non-cash in nature). Generally, only those factors that are cash in nature will be available for use in determining the level of surplus to be carried forward.

The Council will not carry forward surpluses in relation to:

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

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

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

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

- *Self Insurance Reserve*. The Self Insurance Reserve is used to fund any damages or losses that would otherwise be covered by the Council's insurance policies except for the fact that the Council has elected to set an insurance excess at a level greater than the damage or loss suffered. Each financial period the Council will provide, through funding from rates and levies, an amount intended to reimburse estimated damages or losses not otherwise covered by the Council's insurance policies. Actual expenditure incurred as a result of damages or losses where no claim is made under the Council's insurance policies as a result of the level of excess set will be transferred from retained earnings to the Self Insurance Reserve at the end of the financial period.

- *Trusts and bequests*. The Council is the recipient/holder of a number of trusts and bequests. These funds can only be used for the express purposes for which they were provided to the Council. Each year, the Council may expend money, of an operating or capital nature, from its trusts and bequests in accordance with the specified conditions of those funds. For the avoidance of doubt, the Council does not fund the expenditure from its trusts and bequests from any of the sources of operating revenue.

- *NZTA funding*. Each year the Council receives funding from NZTA as part of the overall replacement and renewal programme for the City's roading infrastructure. The Council recognises the funding as income in accordance with GAAP. As the funding is received for capital purposes, it cannot be used to offset the rates requirement. Therefore the Council shall recognise a surplus equivalent to the amount of NZTA funding for capital purposes, to be applied against funding the depreciation expense that results on completion of the associated asset.

- *Development Contributions.* In accordance with the Council's Development Contributions Policy, development contributions are required to fund capital expenditure where development requires the construction of additional assets or increased capacity in network infrastructure, community infrastructure and reserves. Development Contributions will result in an operating surplus being generated for the year. This shall flow through to a Development Reserve within the Council's equity.

- *Other reserves and ring-fenced funds*. Restricted funds also include other reserves, reserve purchase and development reserve, any sub-division development reserve and ring-fenced cumulative surpluses/deficits from City Housing and Marina Operations activities. Subject to meeting any specified conditions associated with these reserves the Council may expend money, of an operating or capital nature, from these reserves.

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

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

Operating expenditure Funding mechanism	**Approximate proportion of funding for 2015/16**
General Rate	**35%**
Targeted rates	
• Sewerage rate	9%
• Water rate	9%
• Stormwater rate	4%
• Base (residential)	2%
• Commercial sector	1%
• Downtown targeted rate	3%
• Business Improvement District and other minor rates	1%
Total targeted rates	**29%**
Total fees and charges	**22%**
Other sources	
• Ground and commercial lease	9%
• Dividends	3%
• Miscellaneous	2%
Total other income	**14%**
Note: Decisions on the use of other funding sources i.e. use of prior period surpluses, non-funded depreciation, special and other reserves are project-specific are made on an annual basis. In such circumstances, revenue from these sources reduces the level of funding provided through the General Rate.	

2. Policy Statement on the funding of capital expenditure

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

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

- If the capital expenditure relates to the replacement (renewal) of an existing asset, that expenditure will be funded by depreciation. Funding for depreciation comes from rates. Any surplus depreciation, after paying for the replacement of Council assets, will be used to repay borrowings.

- If the capital expenditure relates to the construction or purchase of a new asset or to the upgrade or increase in service potential of an existing asset, that expenditure will usually be funded from new or extended borrowings. Borrowing is the most cost-effective and equitable way to do this as it spreads the cost of the asset over all the generations who will benefit from it, making it affordable to ratepayers today.

- On projects where on the basis of financial prudence, the Council considers it appropriate to do so, it may impose a targeted rate to repay borrowings on an asset at a faster rate than over the full life of the asset.

- The Council will use capital funding from third parties to fund investment in new or upgraded assets (e.g. funding received from NZTA).

- The funding of capital expenditure from the sale of surplus assets is decided on a case-by-case basis. Funds received from the sale of surplus assets that are not applied to the funding of capital expenditure shall be used to repay borrowings.

- The funding of capital expenditure from restricted or special funds is decided on a case-by-case basis and is subject to the specified purposes and conditions governing the use of those restricted funds.

- If an approved capital expenditure project is not completed by the end of the financial period, the unspent funds may be carried forward to the next financial period to enable the project to be completed.

- The Council has agreed that Development Contributions are to be used as the primary funding tool for capital expenditure resulting from population and employment growth for water, wastewater, stormwater, roads, and reserves. The Council will continue to collect residual RMA based Financial Contributions on developments consented prior to 2005/06. In some circumstances. Funds collected under either the Development Contributions Policy or the Financial Contributions Policy in the District Plan will result in a corresponding decrease in the amount to be funded from new borrowings.

Capital expenditure Funding mechanism	Approximate proportion of funding for 2015/16
Rates funded depreciation	51%

NZTA transport subsidies	8%
External grants	22%
Development contributions	1%
Borrowings	27%

3. Setting the level of revenue from rates

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

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

4. The Council's application of the requirements of the Act

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

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

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

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

- **Activity Group.** The Council's activities are those areas in which we provide a service to the community. Our activity analysis starts with a statement of what activity we are assessing, and a brief description of the service provided by the Council.

- **Activity**. A summary of all operating projects that the Council delivers within a particular activity. Any one activity may have more than one operating project which, when combined, provides the total level of service provided by the Council.

- **Who Benefits?** This analysis looks at the benefits that flow from the activity to individuals, identifiable parts of the community and the community as a whole. The Council acknowledges that this analysis is in part subjective, and that it has used some basic principles to assist in its decision making.

  - When discussing benefits to the whole community, we are referring to all members, ratepayers and the general public of the city. Benefits to the whole community accrue when individual users cannot be easily identified or cannot be easily excluded from entry (such as the use of the Town Belt and other open spaces), or where the community in general derives benefit from our activities (such as the provision of citizen information and advice). While it is not possible to charge for some activities, it is also not appropriate to charge for certain activities that benefit the community as a whole. In instances such as these, it is considered appropriate that funding is predominantly provided through the general rate.

  - Where individuals or an identifiable part of the community can be identified, it is then possible to consider the use of targeted rates or user charges. Obvious examples of this include services such as pools and recreation centres, but also include activities such as our building consent and licensing services and many of our waste management services. In these instances, it is possible to exclude users who do not wish to use and pay for an activity. Those users who choose to pay accrue a particular level of service over and above that available to the community as a whole.

- **Who should pay?** This section of our analysis looks at a variety of factors that may influence our decision-making when establishing a final decision as to who should pay for an activity. Through this analysis it is possible for the nominal funding split derived under the Who Benefits? analysis to be 'modified' based on a consideration of factors including:

  - The period of benefit provided by each activity. For instance, investment in the city's roading and stormwater infrastructure provides a long-term and ongoing benefit to the city, whereas a one-off grant for a particular activity will typically be short-term and temporary in nature.

  - Whether or not there is an identifiable exacerbator who should pay ('polluter pays' principle).

  - The costs and benefits of distinct funding. This includes an assessment of how we fund each individual activity taking into account issues such as transparency and accountability, and the impacts of a chosen funding mechanism. For instance, where a service is deemed to be essential or very important in terms of contributing to the general health and wellbeing of the community, consideration will be given to ensuring that people are not excluded from access to the service because they cannot afford to pay.

  - The overall impact of the funding of the activity on the current and future social, economic, environmental and cultural well-being of the community.

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

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

5. The general rates differential

The general rate is split between the base differential rate, which applies to residential ratepayers, community organisations and rural land, and the commercial, industrial and business differential rate.

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

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

In 2015/16 the Council proposes no change in the rates differential. This means that a commercial sector ratepayer will contribute 2.8 times more to the general rate than residential ratepayer for each dollar of rateable property capital value.

6. Summary of operating expenditure funding by activity

Activity Area	Activity Grouping	Activity	Activity Component Name	User Fees	Other Income	Rates	General	Residential Target	Commercial Targeted	Downtown Targeted / Other
Governance	Governance, information and engagement	1.1.1	City governance and engagement	0%	0%	100%	100%	0%	0%	0%
		1.1.2	Civic information	5%	0%	95%	95%	0%	0%	0%
		1.1.3	City Archives	10%	0%	90%	90%	0%	0%	0%
	Maori and Mana Whenua partnerships	1.2.1	Maori and Mana Whenua partnerships	0%	0%	100%	100%	0%	0%	0%
Environment	Gardens, beaches and green open spaces	2.1.1	Local parks and open spaces	5%	0%	95%	95%	0%	0%	0%
		2.1.2	Botanical gardens	10%	0%	90%	90%	0%	0%	0%
		2.1.3	Beaches and coast operations	0%	5%	95%	95%	0%	0%	0%
		2.1.4	Roads open spaces	0%	5%	95%	95%	0%	0%	0%
		2.1.5	Town belts	0%	5%	95%	95%	0%	0%	0%
		2.1.6	Community environmental initiatives	0%	0%	100%	100%	0%	0%	0%
		2.1.7	Walkways	0%	0%	100%	100%	0%	0%	0%
		2.1.8	Biodiversity (pest management)	0%	0%	100%	100%	0%	0%	0%
		2.1.9	Waterfront Public Space	5%	15%	80%	80%	0%	0%	0%
	Waste reduction and energy conservation	2.2.1	Waste minimisation, disposal and recycling management	100%	0%	0%	0%	0%	0%	0%
		2.2.2	Closed Landfills Aftercare	0%	0%	100%	100%	0%	0%	0%
		2.2.3	Energy efficiency and conservation	0%	0%	100%	100%	0%	0%	0%
	Water	2.3.1	Water network	0%	0%	100%	0%	60%	40%	0%
		2.3.2	Water collection and treatment	0%	0%	100%	0%	60%	40%	0%
	Wastewater	2.4.1	Sewage collection and disposal network	5%	0%	95%	0%	60%	35%	0%
		2.4.2	Sewage treatment	5%	0%	95%	0%	60%	35%	0%
	Stormwater	2.5.1	Stormwater management	0%	0%	100%	0%	77.5%	22.5%	0.0%
	Conservation attractions	2.6.1	Conservation Visitor Attractions	0%	0%	100%	100%	0.0%	0.0%	0.0%
Economic Development	City promotions and business support	3.1.1	Wellington Regional Economic Development Agency (WREDA) and Venues	0%	0%	100%	20%	0%	30%	50%
		3.1.2	Wellington Convention Centre	0%	0%	100%	60%	0%	0%	40%
		3.1.3	Retail support (free weekend parking)	0%	0%	100%	0%	0%	0%	100%
		3.1.4	Wellington Economic Initiatives Development Fund (WEID) and Economic Grants	0%	0%	100%	100%	0%	0%	0%
		3.1.5	Major Projects	0%	0%	100%	100%	0%	0%	0%
		3.1.6	International relations	0%	0%	100%	100%	0%	0%	0%
		3.1.7	Business Improvement Districts	0%	0%	100%	0%	0%	100%	0%
Cultural Wellbeing	Arts and Cultural Activities	4.1.1	Galleries and museums (WMT)	0%	0%	100%	75%	0%	0%	25%
		4.1.2	Visitor attractions (Te Papa/Carter Observatory)	0%	0%	100%	30%	0%	0%	70%
		4.1.3	Arts and cultural festivals	0%	15%	85%	85%	0%	0%	0%
		4.1.4	Cultural grants	0%	0%	100%	0%	100%	0%	0%
		4.1.5	Access and support for community arts	0%	10%	90%	90%	0%	0%	0%
		4.1.6	Arts partnerships	0%	25%	75%	75%	0%	0%	0%
		4.1.7	Regional amenities	0%	0%	100%	100%	0%	0%	0%
Social and Recreation	Recreation promotion and support	5.1.1	Swimming Pools	38%	0%	62%	62%	0%	0%	0%
		5.1.2	Sportsfields	10%	0%	90%	90%	0%	0%	0%
		5.1.3	Sportsfields (Synthetic)	40%	0%	60%	60%	0%	0%	0%
		5.1.4	Recreation Centres	25%	0%	75%	75%	0%	0%	0%
		5.1.5	Recreation partnerships	0%	0%	100%	0%	100%	0%	0%
		5.1.6	Playgrounds	0%	0%	100%	100%	0%	0%	0%
		5.1.7	Marinas	100%	0%	0%	0%	0%	0%	0%
		5.1.8	Golf Course	40%	0%	60%	60%	0%	0%	0%
		5.1.9	Recreation programmes	5%	0%	95%	95%	0%	0%	0%
	Community support	5.2.1	Libraries	10%	0%	90%	90%	0%	0%	0%
		5.2.2	Access support (Leisure Card)	0%	0%	100%	100%	0%	0%	0%
		5.2.3	Community advocacy	0%	0%	100%	0%	100%	0%	0%
		5.2.4	Grants (Social and Recreation)	0%	0%	100%	100%	0%	0%	0%
		5.2.5	Housing	100%	0%	0%	0%	0%	0%	0%
		5.2.6	Community centres and halls	5%	0%	95%	0%	95%	0%	0%
	Public health and safety	5.3.1	Burials and cremations	50%	0%	50%	50%	0%	0%	0%
		5.3.2	Public toilets	0%	0%	100%	100%	0%	0%	0%
		5.3.3	Public health regulations	60%	0%	40%	40%	0%	0%	0%
		5.3.4	City safety	0%	0%	100%	100%	0%	0%	0%
		5.3.5	WREMO	5%	0%	95%	95%	0%	0%	0%
Urban Development	Urban planning, heritage and public spaces development	6.1.1	Urban planning and policy	0%	0%	100%	100%	0%	0%	0%
		6.1.2	Waterfront development	0%	0%	100%	100%	0%	0%	0%
		6.1.3	Public spaces and centres development	0%	0%	100%	100%	0%	0%	0%
		6.1.4	Built heritage development	0%	0%	100%	100%	0%	0%	0%
	Building and development control	6.2.1	Building control and facilitation	65%	0%	35%	35%	0%	0%	0%
		6.2.2	Development control and facilitation	50%	0%	50%	50%	0%	0%	0%
		6.2.3	Earthquake risk mitigation - built environment	0%	0%	100%	100%	0%	0%	0%
		6.2.4	Regulator - Building Control and Facilitation Weathertight Homes	0%	0%	100%	100%	0%	0%	0%
Transport	Transport	7.1.1	Transport planning	0%	15%	85%	85%	0%	0%	0%
		7.1.2	Vehicle network	0%	5%	95%	95%	0%	0%	0%
		7.1.3	Cycle network	0%	0%	100%	100%	0%	0%	0%
		7.1.4	Passenger transport network	0%	65%	35%	35%	0%	0%	0%
		7.1.5	Pedestrian network	0%	0%	100%	100%	0%	0%	0%
		7.1.6	Network wide control and management	15%	15%	70%	70%	0%	0%	0%
		7.1.7	Road safety	0%	30%	70%	70%	0%	0%	0%
	Parking	7.2.1	Parking	100%	0%	0%	0%	0%	0%	0%

Governance

Delivering confidence in civic decision-making

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

Operating activities

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

Activity Area	Activity Grouping	Activity	Activity Component Name	User Fees	Other Income	Rates	General	Residential Target	Commercial Targeted	Downtown Targeted / Other
Governance	Governance, information and engagement	1.1.1	City governance and engagement	0%	0%	100%	100%	0%	0%	0%
		1.1.2	Civic information	5%	0%	95%	95%	0%	0%	0%
		1.1.3	City Archives	10%	0%	90%	90%	0%	0%	0%
	Maori and Mana Whenua partnerships	1.2.1	Maori and Mana Whenua partnerships	0%	0%	100%	100%	0%	0%	0%

Capital Expenditure

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

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

Governance – activity commentary

1.1 Governance, Information and Engagement

ACTIVITY 1.1.1: CITY GOVERNANCE AND ENGAGEMENT

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

Community outcome
This activity contributes to the following community outcome:

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

Who Benefits?
Whole community *100%*

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

Who should pay?

Whole community	*100%*

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

Our funding targets: operating expenses	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

ACTIVITY 1.1.2: CIVIC INFORMATION

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

Community outcome
This activity contributes to the following community outcome:

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

Who Benefits?

Whole community	*50%*
Individuals	*50%*

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

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

Who should pay?

Individual	*5%*
Identifiable part of the community	*5%*
Whole community	*90%*

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

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

Our funding targets: operating expenses

User charges	5%
Other revenue	0%
Targeted rate	0%
General rate	95%
TOTAL	100%

ACTIVITY 1.1.3: CITY ARCHIVES

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

Community outcome
This activity contributes to the following community outcome:

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

Who Benefits?

Whole community	*50%*
Individuals	*50%*

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

Individuals who choose to use the City Archives can be seen to benefit directly from their access to the collection. The collection is used for private study and for research. Staff provide assistance with searches and with photocopying and with copying of archived photographs.

Who should pay?

Individual	*10%*
Whole community	*90%*

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

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

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

Our funding targets: operating expenses	
User charges	10%
Other revenue	0%
Targeted rate	0%
General rate	90%
TOTAL	100%

1.2 Maori and Mana Whenua Partnerships

ACTIVITY 1.2.1: MAORI AND MANA WHENUA PARTNERSHIPS

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

Community outcome
This activity contributes to the following community outcome:

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

Who Benefits?

Whole community	*50%*
Individuals	*50%*

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

Who should pay?

Whole community	*100%*

Though the benefits of this activity accrue to both Maori and the whole community, the Council believes it is appropriately funded from general rates. There reasons for this are that since this activity is about meeting treaty obligations, it is appropriate for this activity to be funded from general rates.

Our funding targets: operating expenses

User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

Environment

Protecting and enhancing our natural environment

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

Operating activities

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

Activity Area	Activity Grouping	Activity	Activity Component Name	User Fees	Other Income	Rates	General	Residential Target	Commercial Targeted	Downtown Targeted / Other
Environment	Gardens, beaches and green open spaces	2.1.1	Local parks and open spaces	5%	0%	95%	95%	0%	0%	0%
		2.1.2	Botanical gardens	10%	0%	90%	90%	0%	0%	0%
		2.1.3	Beaches and coast operations	0%	5%	95%	95%	0%	0%	0%
		2.1.4	Roads open spaces	0%	5%	95%	95%	0%	0%	0%
		2.1.5	Town belts	0%	5%	95%	95%	0%	0%	0%
		2.1.6	Community environmental initiatives	0%	0%	100%	100%	0%	0%	0%
		2.1.7	Walkways	0%	0%	100%	100%	0%	0%	0%
		2.1.8	Biodiversity (pest management)	0%	0%	100%	100%	0%	0%	0%
		2.1.9	Waterfront Public Space	5%	15%	80%	80%	0%	0%	0%
	Waste reduction and energy conservation	2.2.1	Waste minimisation, disposal and recycling management	100%	0%	0%	0%	0%	0%	0%
		2.2.2	Closed Landfills Aftercare	0%	0%	100%	100%	0%	0%	0%
		2.2.3	Energy efficiency and conservation	0%	0%	100%	100%	0%	0%	0%
	Water	2.3.1	Water network	0%	0%	100%	0%	60%	40%	0%
		2.3.2	Water collection and treatment	0%	0%	100%	0%	60%	40%	0%
	Wastewater	2.4.1	Sewage collection and disposal network	5%	0%	95%	0%	60%	35%	0%
		2.4.2	Sewage treatment	5%	0%	95%	0%	60%	35%	0%
	Stormwater	2.5.1	Stormwater management	0%	0%	100%	0%	77.5%	22.5%	0.0%
	Conservation attractions	2.6.1	Conservation Visitor Attractions	0%	0%	100%	100%	0.0%	0.0%	0.0%

Capital Expenditure

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

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

Environment – activity commentary

2.1 Gardens, Beaches and Green Open Spaces

ACTIVITY 2.1.1: LOCAL PARKS AND OPEN SPACES

The Council owns and looks after the city's parks and reserves, horticultural plantings and street trees. We aim to provide a high-amenity, safe open space environment that gives people a wide range of recreation opportunities. Our work includes the upkeep of grass areas, sports pavilions and other buildings on reserve land. (For information on sports fields, see activities 5.1.2 and 5.1.3).

Community outcome

This activity contributes towards the following outcomes:

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

Who Benefits?

Whole community	*90%*
Identifiable part of the community	*10%*

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

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

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

Who should pay?

Whole community	*95%*
Identifiable part of the community	*5%*

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

The exception is the lease of park pavilions to sports and community groups. In these situations, the group concerned receives an exclusive benefit and therefore should bear a share of the cost. While our analysis suggests these groups receive 10 percent of the benefit, we have decided they should bear only 5 percent of the cost. This is because the Council wants to ensure that the pavilions are not priced out of reach of these groups. We want to see high levels of participation in recreation activities and encourage

people to use the city's open spaces, and we believe raising user charges on the parks and pavilions could work against that outcome.

Our funding targets: operating expenses	
User charges	5%
Other revenue	0%
Targeted rate	0%
General rate	95%
TOTAL	100%

ACTIVITY 2.1.2: BOTANICAL GARDENS

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

Community outcome
This activity contributes towards the following outcomes:

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

Who Benefits?

Whole community	*90%*
Individuals	*10%*

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

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

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

- the shop and cafe at the Begonia House in the Botanic Garden
- function rooms at Begonia House, Tree House and Otari-Wilton's Bush
- sale of plants at the Otari-Wilton's Bush annual open day
- lease of a house at Truby King Park to the Biology Institute
- provision of memorial seats in the Botanic Gardens

The gardens also provide educational seminars and programmes which have some private benefit. However, as these programmes help people learn about the environment, the Council believes the principal benefit is to the community as a whole.

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

Who should pay?

Whole community	*90%*
Individuals	*10%*

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

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

Our funding targets: operating expenses	
User charges	10%
Other revenue	0%
Targeted rate	0%
General rate	90%
TOTAL	100%

ACTIVITY 2.1.3: BEACHES AND COAST OPERATIONS

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

Community outcome
This activity contributes towards the following outcomes:

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

Who Benefits?

Whole community	*100%*

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

While those who use the city's wharves, jetties and breakwaters receive a direct benefit, in most instances these people cannot be identified. Nor can they be excluded from using the coast. The one

exception is boat ramps, which directly benefits an identifiable part of the community: recreational boat users. However, the Council regards these facilities as part of its provision of safe, secure access to the coast and encouraging outdoor recreation.

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

Who should pay?

Whole community	*100%*

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

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

Our funding targets: operating expenses	
User charges	0%
Other revenue	5%
Targeted rate	0%
General rate	95%
TOTAL	100%

ACTIVITY 2.1.4: ROADS OPEN SPACES

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

Community outcome

This activity contributes towards the following outcomes:

- *People-centred City* –management of roadside vegetation ensures hazards are removed - for example, impairing motorists' line of sight, contributing to bank erosion or blocking natural run-off channels.

Who Benefits?

Whole community	*100%*

This work benefits anyone who lives in or moves around the city by ensuring footpaths and roadside verges and open spaces are safe, attractive and free of litter. This work has benefits for the city's environment and for residents' safety, health and enjoyment of their surroundings.

Who should pay?

Whole community	*95%*
Identifiable part of the community	*5%*

A small part of our roads open spaces costs are covered by a subsidy from the Government roading funding agency New Zealand Transport Agency (NZTA), which passes on funding from the fuel taxes it

gathers. Of the remaining costs, as the community as a whole benefits, the fairest and most efficient way to fund this is from general rates.

The amount of the NZTA subsidy varies from year to year depending on the scheduled asset management plan works and changes to the works programme based on reprioritisation.

Our funding targets: operating expenses	
User charges	0%
Other revenue	5%
Targeted rate	0%
General rate	95%
TOTAL	100%

ACTIVITY 2.1.5.: TOWN BELTS

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

Community outcome
This activity contributes towards the following outcomes:

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

Who Benefits?
Whole community *100%*

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

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

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

Who should pay?
Whole community *100%*

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

Through this activity we receive modest revenue from the rental we charge for use of facilities such as Scout Clubs that are housed on Town Belt land.

Our funding targets: operating expenses	
User charges	0%
Other revenue	5%
Targeted rate	0%
General rate	95%
TOTAL	100%

ACTIVITY 2.1.6: COMMUNITY ENVIRONMENTAL INITIATIVES

This activity covers initiatives that directly support the community's engagement in advancing environmental well-being. The Council provides grants for projects that promote environmental sustainability or greater understanding of environmental issues. It also covers environmental education initiatives and our community greening programmes.

Community outcome
This activity contributes towards the following outcomes:

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

Who Benefits?

Whole community	*100%*

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

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

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

Who should pay?

Whole community	*100%*

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

Our funding targets: operating expenses	
User charges	0%
Other revenue	0%
Targeted rate	0%

General rate	100%
TOTAL	100%

ACTIVITY 2.1.7: WALKWAYS

The Council encourages public use of the Town Belt and reserves, and recognises that tracks are important for people's access to and enjoyment of the city's bush and open spaces. We currently maintain over 100km of track.

Community outcome
This activity contributes towards the following outcomes:

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

Who Benefits?
Whole community *100%*

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

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

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

Who should pay?
Whole community *100%*

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

Our funding targets: operating expenses	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

ACTIVITY 2.1.8: BIODIVERSITY (PEST MANAGEMENT)

The Council runs programmes to control animal pests and weeds on the 3,000 plus hectares of open space land we own and manage.

Community outcome
This activity contributes towards the following outcomes:

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

Who Benefits?

Whole community	*100%*

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

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

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

Who should pay?

Whole community	*100%*

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

Our funding targets: operating expenses	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

ACTIVITY 2.1.9: WATERFRONT PUBLIC SPACE

This activity relates to the management and maintenance of the public space on the Wellington Waterfront, and includes the operation and maintenance of a wide range of assets which includes Wharves, Seawalls, Bridges, Parks, Promenades, laneways and lighting.

Community outcome
This activity contributes towards the following outcomes:

- *Dynamic Central City* – the waterfront is readily accessible and is a very important area of the central city. An attractive, clean and safe waterfront will undoubtedly contribute to a dynamic centre, is important for resident's quality of life and attracts visitors to Wellington.

- *People Centred City* – a clean inner harbour and waterfront area enhance Wellington's unique 'sense of place', making it a great place to live.

Who Benefits?

Whole community	*80%*
Individuals/users	*20%*

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

An activity that occurs on the waterfront that provides direct identifiable is the underground market. This activity does provide a private benefit and the user is charged directly.

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

Who should pay?

Whole community	*80%*
Individuals	*20%*

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

Our funding targets: operating expenses	
User charges	5%
Other revenue	15%
Targeted rate	0%
General rate	80%
TOTAL	100%

2.2 Waste Reduction and Energy Conservation

ACTIVITY 2.2.1: WASTE MINIMISATION, DISPOSAL AND RECYCLING MANAGEMENT

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

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

Community outcome
This activity contributes towards the following outcomes:

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

Who Benefits?

User	*90%*
Whole community	*10%*

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

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

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

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

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

Who should pay?

User	*100%*

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

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

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

Our funding targets: operating expenses	
User charges	100%
Other revenue	0%
Targeted rate	0%
General rate	0%
TOTAL	100%

ACTIVITY 2.2.2: CLOSED LANDFILLS AFTERCARE

We provide aftercare of our closed land fill sites.

Community outcome
This activity contributes towards the following outcome:

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

Who Benefits?
Whole community *100%*

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

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

Who should pay?

Whole community *100%*

Our funding targets: operating expenses	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

ACTIVITY 2.2.3: ENERGY EFFICIENCY AND CONSERVATION

One of the Council's long term aims is for it and Wellington to be more sustainable. This means that Wellington will reduce its environmental impact by making efficient use of energy, water, land and other resources; shifting towards renewable energy resources; conserving resources; and minimising waste. Our immediate focus is on developing an energy management plan for the Council itself. This work will be supported by promotion of energy efficiency.

Community outcome
This activity contributes towards the following outcomes:

- *People-centred City* - developing funding partnerships with key stakeholders to insulate Wellington homes improves the health and the quality of life of Wellington residents.
- *Eco-city* - a focus on energy efficiency for the city's households and business will reduce costs and reduce its greenhouse gas emissions. Developing partnerships and encouraging policies for continued development of renewable energy in the city will be crucial for the Council's Eco-City aspirations.

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

Who Benefits?

Whole community	*100%*

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

It should also be noted that it is expected that the costs of this project will be met by savings over time.

Who should pay?

Whole community	*100%*

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

Our funding targets: operating expenses	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

2.3 Water

ACTIVITY 2.3.1: WATER NETWORK

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

Community outcome

This activity contributes towards the following outcomes:

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

Who Benefits??

Identifiable parts of the community	*75%*
Whole community	*25%*

Water supply is a fundamental Council service. Residents need clean drinking water, as well as water for washing. Water is also vital for industry and commerce. The benefits to commercial users are entirely

private and exclusive. The benefits to individual people are mainly private, but there are also significant benefits to the community as a whole in terms of public health and safety, and economic well-being.

Who should pay?

Identifiable parts of the community:	
Base (residential) sector	*60%*
Commercial sector	*40%*

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

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

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

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

Our funding targets: operating expenses	
User charges	0%
Other revenue	0%
Targeted rate (Residential 60% Commercial 40%)	100%
General rate	0%
TOTAL	100%

ACTIVITY 2.3.2: WATER COLLECTION AND TREATMENT

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

Community outcome

This activity contributes towards the following outcomes:

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

Who Benefits?

Identifiable parts of the community	*75%*
Whole community	*25%*

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

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

Who should pay?

Identifiable parts of the community:	
Base (residential) sector	*60%*
Commercial sector	*40%*

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

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

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

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

Our funding targets: operating expenses	
User charges	0%
Other revenue	0%
Targeted rate	
(Residential 60% Commercial 40%)	100%
General rate	0%
TOTAL	100%

2.4 Wastewater

ACTIVITY 2.4.1: SEWAGE COLLECTION AND DISPOSAL NETWORK

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

Community outcome
This activity contributes towards the following outcomes:

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

Who Benefits?

Identifiable parts of the community	*80%*
Whole community	*20%*

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

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

Who should pay?

Identifiable parts of the community:	
Base (residential) sector	*60%*
Commercial sector	*35%*
User charges	*5%*

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

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

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

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

Our funding targets	
User charges	5%

Other revenue	0%
Targeted rate (Residential 60% Commercial 35%)	95%
General rate	0%
TOTAL	100%

ACTIVITY 2.4.2: SEWAGE TREATMENT

Sewage is treated at three plants: Moa Point, Karori, and Porirua. The waste treatment plants at Moa Point and Karori are financed by the Council and operated by United Water International. Sewage from Wellington's northern suburbs is transferred to the Porirua plant, in which the Council has a 27.6% stake. Once sewage is treated at Moa Point and Karori, waste water is piped into the Cook Strait and the sludge is taken to the Southern Landfill, where it is combined with green waste to make high-quality compost.

Community outcome
This activity contributes towards the following outcomes:

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

Who Benefits?

Identifiable parts of the community	*80%*
Whole community	*20%*

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

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

Who should pay?

Identifiable parts of the community:	
Base (residential) sector	*60%*
Commercial sector	*35%*
User	*5%*

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

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

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

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

Our funding targets: operating expenses	
User charges	5%
Other revenue	0%
Targeted rate (Residential 60%, Commercial 35%)	95%
General rate	0%
TOTAL	100%

2.5 Stormwater

ACTIVITY 2.5.1: STORMWATER MANAGEMENT

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

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

Community outcome
This activity contributes towards the following outcomes:

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

Who Benefits?

Identifiable parts of the community	*50%*
Whole community	*50%*

The stormwater system provides significant benefits to individual property owners by protecting their property from flooding. Though these benefits are private, they are not exclusive – all homes and

businesses benefit, and the network would have to exist for public good reasons regardless of the individual benefits.

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

Who should pay?

Identifiable parts of the community:	
Residential (urban) sector	*77.5%*
Commercial sector	*22.5%*

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

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

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

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

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

Our funding targets: operating expenses	
User charges	0%
Other revenue	0%
Targeted rate (Residential 77.5% Commercial 22.5%)	100%
General rate	0%
TOTAL	100%

2.6 Conservation Attractions

ACTIVITY 2.6.1: CONSERVATION VISITOR ATTRACTIONS

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

Community outcome

This activity contributes towards the following outcomes:

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

Who Benefits?

Individuals	*40%*
Whole community	*40%*
Identifiable part of the community	*20%*

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

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

Their existence is also of benefit to those who are not visitors generally but have the option of going.

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

Who should pay?

Whole community	*100%*

Each of these trusts operate separately from the Council. User charges, which in the case of the Zoo account for about 45 percent of the trust's income, reflect the private benefits to people who visit these facilities. These user charges do not appear in the Council's books.

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

Rates funding is also justified because these facilities contribute to the Council's long term goal that the city's high quality natural environment will attract visitors, residents and visitors.

Our funding targets: operating expenses	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

Economic Development

Growing the regional economy for a prosperous community

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

Operating activities

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

Activity Area	Activity Grouping	Activity	Activity Component Name	User Fees	Other Income	Rates	General	Residential Target	Commercial Targeted	Downtown Targeted / Other
Economic Development	City promotions and business support	3.1.1	Wellington Regional Economic Development Agency (WREDA) and Venues	0%	0%	100%	20%	0%	30%	50%
		3.1.2	Wellington Convention Centre	0%	0%	100%	60%	0%	0%	40%
		3.1.3	Retail support (free weekend parking)	0%	0%	100%	0%	0%	0%	100%
		3.1.4	Wellington Economic Initiatives Development Fund (WEID) and Economic Grants	0%	0%	100%	100%	0%	0%	0%
		3.1.5	Major Projects	0%	0%	100%	100%	0%	0%	0%
		3.1.6	International relations	0%	0%	100%	100%	0%	0%	0%
		3.1.7	Business Improvement Districts	0%	0%	100%	0%	0%	100%	0%

Capital Expenditure

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

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

Economic development – activity funding commentary

3.1 City Promotions and Business Support

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

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

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

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

- A clear strategic focus
- A strong economic leadership that prioritises business success
- One voice when dealing with government, businesses, investors and research providers
- More effective use of resources and talent, and improved scale

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

- Major events – attracting and supports major events that bring visitors and extra spending to the city.
- Tourism promotions and marketing.
- Sector support and Destination Wellington to attract business, talent and investment to the Wellington region and accelerate economic growth.
- the costs incurred by the Council to own and maintain venue buildings (the Michael Fowler Centre, TSB Arena, St James Centre, and the Opera House).
- CBD free wifi to help establish the City's 'point of difference' and user experience through free public access Wi-Fi network.

Also included in this activity is the expenditure and revenues of promoting and operating the venues (which WREDA undertakes on behalf of Council). This specific activity is generally cost neutral.

Community outcome

This activity contributes towards the following outcomes:

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

Who Benefits?

Individuals	*45%*
Identifiable part of the community	*45%*
Whole Community	*10%*

The beneficiaries of this activity are principally the community as a whole and businesses - in particular businesses in the central city area where the majority of visitors spend most of their time and the majority of business activity occurs.

The activity benefits residents by providing jobs, raising incomes, providing a wider range of career choices, and making the city more vibrant and prosperous. The activity also benefits particular commercial sectors, such as education and creative industries, by boosting their profile and helping build the investor base and potential business partnerships in growing markets.

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

Individual users of the venues also derive considerable benefit. In most cases users themselves provide the funding for the benefits they derive. This is because the activities undertaken or facilitated at the council venues require users to pay for the private benefits they receive. For example, people attending a show, or an event that WREDA has brought to the city will need to pay an entry fee.

Overall, we estimate that around 45 percent of the benefits of this activity are captured by individual venue users and the associated expenditure is directly offset by user charges. It is estimated that the benefits from the balance of the expenditure accrue to a mix of the business community, the downtown businesses and the whole community.

Who should pay?

Users	*45%*
Identifiable part of the community	*45%*
Whole community	*10%*

Part of this activity includes the running of the Venues day to day operations, where users fully pay the cost of this activity and there is no rates funding requirement. As such in 2015/16, $14m of operational costs (excluding asset ownership costs) is offset by $14m of revenue. As the level of venue activity may change on a year to year basis, there is an underlying principle that any costs associated with the promotion or operating of venues is 100% user funded.

The balance of this policy is focussed on the remaining elements in the activity, and it is recommended that they should be 100% rates funded. This funding is proposed to be spread across the sectors that benefit. As WREDA is an amalgamation of existing Council activities, the current rates funding splits have been reviewed and subsequently the proposed rates funding split replicates the previous R & F policy. This approach attributes the main benefits to the business community and in particular the businesses in the CBD.

Our funding targets: operating expenses	
User charges	0%
Other revenue	0%
Targeted rate (Commercial)	30%
Targeted rate (Downtown)	50%
General rate	20%
TOTAL	100%

ACTIVITY 3.1.2: WELLINGTON CONVENTION CENTRE

This activity relates to the recently approved Wellington Convention Centre project, currently under review, but is the first of the Big 8 Ideas which has been tested and approved through a business case and sits under the Economic Strategy.

This policy was consulted on as part of the Council's initial decision to support the initiative. The policy of 60% general rates and 40% DTL funding was proposed. This delivers a funding split of one third residential sector and two thirds commercial sector in terms of contribution to the cost.

Community outcome
This activity contributes towards the following outcomes:

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

Who Benefits?

Identifiable parts of the community	*40%*
Whole community	*60%*

The beneficiaries of this activity are predominantly the business sector through the protected and new expenditure in the economy, and flow on effects this will have to other indirect supporting services. However, an improved economy in the city does benefit all residents through improved employment opportunities, growth in demand to live and work in the city and the flow on effects that can have to property valuations and business opportunity.

It is therefore appropriate for economic development projects to be funded, in part, from the general rate to reflect the wider community benefits of an improved economy.

Who should pay?

Identifiable parts of the community	*40%*
Whole community	*60%*

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

Our funding targets: operating expenses	
User charges	0%
Other revenue	0%
Targeted rate (Downtown)	40%
General rate	60%
TOTAL	100%

ACTIVITY 3.1.3: RETAIL SUPPORT (FREE WEEKEND PARKING)

Under this activity the Council provides its car parks free on weekends to attract customers to the inner city. This forms part of a wider retail strategy.

Community outcome
This activity contributes towards the following outcomes:

- *People-centred City* - free weekend parking makes Wellington an attractive place to live and do business, and attracts thousands of shoppers to the city every weekend.
- *Dynamic Central City* – A thriving retail sector in the heart of the city is an important part of Wellington's appeal, and free parking at the weekends encourages residents and visitors into the city to shop.

Who Benefits?

Identifiable part of the community	*50%*
Individuals	*50%*

The direct beneficiaries of the free weekend parking policy are the people who get to make use of the parks. The other identifiable beneficiaries are the retailers, restaurants and other businesses located in the downtown area. Free parking brings people to the central city, where their spending benefits businesses.

Who should pay?

Identifiable part of the community	*100%*

The main purpose of this activity is to support businesses in the CBD, particularly in the retail and hospitality sectors, by encourage people into the city on weekends.

The main beneficiaries of the free weekend parking are downtown businesses. It is appropriate they should bear the cost of this policy. Free weekend parking will therefore be funded from the downtown targeted rate, which is a targeted rate assessed on businesses in the downtown area.

Our funding targets: operating expenses	
User charges	0%
Other revenue	0%
Targeted rate (Downtown)	100%
TOTAL	100%

ACTIVITY 3.1.4: WELLINGTON ECONOMIC INITIATIVES FUND (WEID) AND ECONOMIC GRANTS

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

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

Community outcome
This activity contributes towards the following outcome:

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

Who Benefits?

Whole community	*100%*

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

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

Who should pay?

Whole community	*100%*

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

Our funding targets: operating expenses	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

ACTIVITY 3.1.5: MAJOR PROJECTS – FUNDING ENVELOPE FOR POSSIBLE IMPLEMENTATION

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

- Growing the local economy, making it more diverse and resilient, and less reliant on the government sector
- Building sectors of the economy where we have a competitive advantage e.g. tourism, smart economy

- Building better connections between the tertiary sector and businesses to boost the knowledge economy
- Removing barriers to growth by improving our connections to the region and to the rest of the world and by making it easier to do business in the city

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

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

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

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

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

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

- Airport runway extension
- Indoor arena
- Westpac stadium upgrade

Community outcome
This activity contributes towards the following outcome:

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

Who Benefits?

Whole community	*100%*

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

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

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

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

Who should pay?

Whole community	*100%*

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

Ultimately, as each potential project reaches the stage where the Council is completing the process of deciding to proceed to the implementation stage, part of the process will include consideration of what the particular Revenue & Financing policy should be for that specific project and in particular who should pay, based on the comprehensive information available at that stage.

Our funding targets: operating expenses	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

ACTIVITY 3.1.6: INTERNATIONAL RELATIONS

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

Community outcome

This activity contributes towards the following outcome:

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

Who Benefits?

Whole community	*50%*
Identifiable part of the community	*50%*

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

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

Who should pay?

Whole community	*100%*

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

Our funding targets: operating expenses	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

ACTIVITY 3.1.7: BUSINESS IMPROVEMENT DISTRICTS

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

Community outcome

This activity contributes towards the following outcome:

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

Who Benefits?

Whole community	*20%*

Identifiable part of the community *80%*

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

Who should pay?

Identifiable part of the community *100%*

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

Our funding targets: operating expenses	
User charges	0%
Other revenue	0%
Targeted rate (Commercial)	100%
General rate	0%
TOTAL	100%

Cultural Well-being

Shaping Wellington's unique identity

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

Operating activities

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

Activity Area	Activity Grouping	Activity	Activity Component Name	User Fees	Other Income	Rates	General	Residential Target	Commercial Targeted	Downtown Targeted / Other
Cultural Wellbeing	Arts and Cultural Activities	4.1.1	Galleries and museums (WMT)	0%	0%	100%	75%	0%	0%	25%
		4.1.2	Visitor attractions (Te Papa/Carter Observatory)	0%	0%	100%	30%	0%	0%	70%
		4.1.3	Arts and cultural festivals	0%	15%	85%	85%	0%	0%	0%
		4.1.4	Cultural grants	0%	0%	100%	0%	100%	0%	0%
		4.1.5	Access and support for community arts	0%	10%	90%	90%	0%	0%	0%
		4.1.6	Arts partnerships	0%	25%	75%	75%	0%	0%	0%
		4.1.7	Regional amenities	0%	0%	100%	100%	0%	0%	0%

Capital Expenditure

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

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

Cultural well-being – activity commentary

4.1 Arts and Cultural Activities

ACTIVITY 4.1.1: GALLERIES AND MUSEUMS

The Council is the main funder of the Wellington Museums Trust, which operates the Museum of Wellington City and Sea, the City Gallery, Capital E, the Wellington Cable Car Museum and the Colonial Cottage Museum. This activity also includes Council's contribution towards a World War I commemorative museum and exhibitions and the proposed movie museum.

Community outcome
This activity contributes towards the following outcome:

- *People-centred City* –museums shape Wellington's sense of place and identity. They celebrate creativity and ideas and increase our understanding of culture and science. They tell Wellington's diverse stories and help us understand ourselves and each other.

- *Connected City* - museums provide ideas and places where people can connect, share what is common and explore what is different and new. They connect us with people, places and ideas here and abroad.
- *Dynamic Central City* – museums enhance Wellington's vibrancy as a diverse, active and eventful place attractive to visitors.

Who Benefits?

Individuals	*70%*
Identifiable part of the community	*15%*
Whole community	*15%*

The individuals who attend the exhibitions and shows at the galleries and museums clearly benefit from their attendance.

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

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

Who should pay?

Whole community	*75%*
Downtown sector	*25%*

The Council funds the museums and galleries to encourage greater participation in the arts and because it believes that high quality cultural amenities add to a vibrant city life.

While there are clearly direct benefits to people who choose to visit the galleries and museums, the Council believes these are outweighed by the overall community benefit and the benefits that flow to the businesses in the downtown sector.

Our funding targets: operating expenses

User charges	0%
Other revenue	0%
Targeted rate (Downtown)	25%
General rate	75%
TOTAL	100%

ACTIVITY 4.1.2: VISITOR ATTRACTIONS (CARTER OBSERVATORY / TE PAPA)

Through this activity the Council funds attractions and facilities that bring visitors to the city. It includes an ongoing commitment to the Carter Observatory located at the top of the Cable Car and funding for Te Papa.

Community outcome

This activity contributes towards the following outcome:

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

How we approach funding this activity
The overarching purpose of this activity is to have visitor attractions. The principal expenditure under this activity is the funding which the Council provides to the Carter Observatory and Te Papa.

External attractions

Who Benefits?

Individuals	*50%*
Whole community	*30%*
Identifiable parts of the community	*20%*

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

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

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

Who should pay?

Identifiable parts of the community	*70%*
Whole community	*30%*

Though the main beneficiaries of this activity are the individuals who choose to visit Te Papa the observatory the Council does not believe it is viable or appropriate to charge them directly for these benefits.

There are strong arguments for the downtown sector to bear a portion of the cost of this activity as they benefit directly from the funding of this activity. The events and attractions bring people and visitors into the city. These people provide business for the retailers, and the wider hospitality sector in the city. The projects funded by this activity make major contributions to the Council's goal that Wellington will be a prime tourist destination.

Our funding targets: operating expenses	
User charges	0%
Other revenue	0%
Targeted rate (Downtown)	70%
General rate	30%

TOTAL	100%

ACTIVITY 4.1.3: ARTS AND CULTURAL FESTIVALS

The Council runs and supports artistic and cultural events that encourage Wellingtonians to get out and enjoy themselves. These include Summer City, the Sky Show, the Diwali festival and more than 70 other events, all of which are provided free to the public.

We aim to use the Civic Square as the stage for a large number of these events. As the civic and cultural heart of the city the Square offers a safe and accessible venue.

Community outcome

- *People-centred City* –cultural festivals shape Wellington's sense of identity. They bring people together and celebrate creativity.
- *Connected City* – festivals provide ideas and places where people can connect, share what is common and explore what is different and new. They connect us with people, places and ideas from here and abroad.
- *Dynamic Central City* – museums festivals enhance Wellington's vibrancy as a diverse, inclusive, creative, active and eventful place attractive to residents

Who Benefits?

Whole community	*100%*

While the people attending these events obviously benefit from the enjoyment they receive, the events are generally run outdoors in public areas making it impossible to identify individual beneficiaries. The benefits, in any case, are not exclusive.

There are generally no limits on the number of people who attend these events and, as the intention is to encourage participation, it would not be appropriate or acceptable to charge for entry.

The principal benefits are to the community as a whole. These events bring people together, encouraging community identity and cohesion. They help build a sense of pride in the city and add to Wellington's reputation as an "events capital". Many events attract people to the city centre, bringing economic benefits.

Who should pay?

Whole community	*100%*

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

The Council receives significant sponsorship for this activity from organisations such as the New Zealand Community Trust.

Our funding targets: operating expenses

User charges	0%
Other revenue	15%
Targeted rate	0%
General rate	85%

TOTAL	100%

ACTIVITY 4.1.4: CULTURAL GRANTS

The Council maintains a cultural grants pool to allow community organisations access to funding.

Community outcome
This activity contributes towards the following outcome:

- *People-centred City* –cultural grants support the creative sector of Wellington ensuring that the city is lively and full of festivals, performances and shows throughout the year.
- *Dynamic Central City* –cultural grants support Wellington cultural institutions that are integral to our cultural and events capital status. They provide shows and performances that make the central city a lively place to visit, play and do business.

Who Benefits?

Individuals and identifiable part of the community	*50%*
Whole community	*50%*

The direct beneficiaries of this activity are the individuals and groups who receive funding. The grants provide them with opportunities for artistic and cultural expression. This activity gives individuals the opportunity to participate, even though they may choose not to. Though these benefits are private, they are not exclusive – all residents are able to apply for funding.

Funding cultural initiatives also benefits all city residents by making the city a more vibrant place, enhancing community identity, and contributing to the city's reputation as New Zealand's arts and culture capital.

Who should pay?

Whole community	*100%*

The purpose of this activity is to add to the mix of cultural events in the city and to encourage participation. Clearly, this means that someone other than the grant recipients has to pay. This activity has no benefit, economic or otherwise, to the commercial sector. Funding is directed to residents, and as such, the Council believes it is appropriate to fund the cost of this activity from rates targeted to the residential sector.

The people and groups who receive funding also contribute their own resources to initiatives that benefit the city's cultural and social well-being.

Our funding targets: operating expenses

User charges	0%
Other revenue	0%
Targeted rate (Residential)	100%
General rate	0%
TOTAL	100%

ACTIVITY 4.1.5: ACCESS AND SUPPORT FOR COMMUNITY ARTS

This activity covers the wide range of community arts programmes that the Council runs every year. It also covers a subsidy for non-profit community groups using the Wellington Venues. This ensures the venues are open to a wide range of organisations.

Community outcome
This activity contributes towards the following outcomes:

- *People-centred City* –support for community arts programmes and venue supports Wellington's creative communities to put on festivals, performances and shows throughout the year.

Who Benefits?

Whole community	*50%*
Individuals	*50%*

Both the individuals that take part in the arts programmes and the non-profit groups that make use of the venue subsidy directly benefit from this activity. But the activity also benefits the community as a whole. The arts programmes are open events and the groups who are supported by the subsidy help make the city a vibrant place and foster cultural identity.

Who should pay?

Whole community	*90%*
Identifiable parts of the community	*10%*

The purpose of this activity is to promote tolerance and, celebrate through the arts, people's differences to create a sense of belonging. The provision of the community arts programme eliminates cost as a barrier as does the venue subsidy. Clearly, the cost of this support has to be met elsewhere. The Council believes the cost is most appropriately funded from general rates.

Our funding targets: operating expenses	
User charges	0%
Other revenue	10%
Targeted rate	0%
General rate	90%
TOTAL	100%

ACTIVITY 4.1.6: ARTS PARTNERSHIPS

The Council maintains a number of partnerships with artistic organisations that call Wellington home.

The Council also houses a number of independent artists, art organisations, music studios and a gallery at the Toi Poneke Arts Centre, which is covered by this activity. This activity also includes the public art fund which is used to manage the city's art collection and support public art exhibitions

Community outcome
This activity contributes towards the following outcomes:

- *People centred City* – Our partnership with organisations such as the NZ Symphony Orchestra means residents have the option of attending concerts on a regular basis, and have far greater access to top-class music than would otherwise be the case. The Toi Poneke Arts Centre provides places where people can connect, and share creative ideas.
- *Dynamic Central City* - We support these institutions as they build on the city's reputation as New Zealand's arts and culture capital and they attract thousands of visitors to the city. Public sculpture and art displays, and exhibitions add to the vibrancy and liveability of the city.

Who Benefits?

Identifiable part of the community	*60%*
Whole community	*30%*
Downtown sector	*10%*

The artists and organisations are clearly direct beneficiary of these partnerships. These benefits are private and exclusive to the extent that the Council's support cannot be transferred.

The community also benefits from this activity in many ways. Through our support we help ensure these organisations remain viable and based in Wellington. In the example of the orchestra this means the city is home to one of the nation's foremost arts institutions, which contributes to Wellington's vibrancy and its image as a creative city. It also means residents have the option of attending concerts on a regular basis, and have far greater access to top-class music than would otherwise be the case.

These partnerships add to the city's exceptional range of artistic and cultural amenities that cater to all tastes, which in turn add to an environment that fosters a vibrant city life and boosts the local economy.

Who should pay?

Whole community	*75%*
Individuals	*25%*

The overall aim of this activity is to encourage greater engagement and participation in the arts. By supporting these organisations and artists we are ensuring that their work continues and can be experienced by residents and visitors. The Council believes that the majority of the cost is most appropriately funded from general rates.

It is also considered appropriate that those artists that are housed at the Toi Poneke Arts Centre should make a contribution to the cost of the space that they have exclusive use over.

Our funding targets: operating expenses	
User charges	0%
Other revenue	25%
Targeted rate	0%
General rate	75%
TOTAL	100%

ACTIVITY 4.1.7: REGIONAL AMENITIES FUND

The Wellington Regional Amenities Fund has been set up to support eligible entities of regional significance with day-to-day operational expenses and new innovative projects that will achieve identified priorities for the region.

The fund is focused on arts, cultural and environmental attractions and events to support and add to the attractiveness and vitality of the Wellington region.

The fund is a partnership between Wellington City Council, Hutt City Council, Upper Hutt City Council, Masterton District Council and Kapiti District Council.

Community outcome
This activity contributes towards the following outcomes:

- *People centred City* – arts, culture and environmental attractions and events make Wellington a more attractive place to live and do business, and attract thousands of visitors to the city every year.
- *Connected City* – attractions and events provide ideas and places where people can connect and explore what is different and new, from both here and overseas.
- *Dynamic Central City* – arts, culture and environmental attractions and events anchor Wellington's appeal as a place of creativity, exploration, innovation, and excitement. They also enhance Wellington's vibrancy as a diverse, active and eventful place attractive to visitors.
- *Eco City* – environmental attractions and events raise awareness of environmental issues and improves environmental outcomes.

Who Benefits?

Identifiable part of the community	*0%*
Whole community	*100%*

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

The community as a whole benefits in a number of ways. They have the opportunity to enjoy high-quality art, cultural and environment attractions and events that arguably won't happen without the Council's support which contributes to social cohesion as they are an opportunity for people to mix together.

They also serve the business sector because some of the attractions and events funded by this activity will be located in Wellington City. They bring people into the city, providing customers for city businesses as well as enhancing Wellington City's place as New Zealand's arts capital, attracting people to the City to live, work and play.

Who should pay?

Whole community	*100%*
Individuals	*0%*

Our funding targets: operating expenses	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

Social and Recreation

Building strong, safe and healthy communities for a better quality of life

A city is only as strong as its people. Wellington is built on strong communities. It's a safe city where people have plenty of opportunities to fulfil their potential and engage with each other. As the city's biggest provider of recreation facilities and social housing, we aim to promote healthy lifestyles and build strong communities.

Operating activities

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

Activity Area	Activity Grouping	Activity	Activity Component Name	User Fees	Other Income	Rates	General	Residential Target	Commercial Targeted	Downtown Targeted / Other
Social and Recreation	Recreation promotion and support	5.1.1	Swimming Pools	38%	0%	62%	62%	0%	0%	0%
		5.1.2	Sportsfields	10%	0%	90%	90%	0%	0%	0%
		5.1.3	Sportsfields (Synthetic)	40%	0%	60%	60%	0%	0%	0%
		5.1.4	Recreation Centres	25%	0%	75%	75%	0%	0%	0%
		5.1.5	Recreation partnerships	0%	0%	100%	0%	100%	0%	0%
		5.1.6	Playgrounds	0%	0%	100%	100%	0%	0%	0%
		5.1.7	Marinas	100%	0%	0%	0%	0%	0%	0%
		5.1.8	Golf Course	40%	0%	60%	60%	0%	0%	0%
		5.1.9	Recreation programmes	5%	0%	95%	95%	0%	0%	0%
	Community support	5.2.1	Libraries	10%	0%	90%	90%	0%	0%	0%
		5.2.2	Access support (Leisure Card)	0%	0%	100%	100%	0%	0%	0%
		5.2.3	Community advocacy	0%	0%	100%	0%	100%	0%	0%
		5.2.4	Grants (Social and Recreation)	0%	0%	100%	100%	0%	0%	0%
		5.2.5	Housing	100%	0%	0%	0%	0%	0%	0%
		5.2.6	Community centres and halls	5%	0%	95%	0%	95%	0%	0%
	Public health and safety	5.3.1	Burials and cremations	50%	0%	50%	50%	0%	0%	0%
		5.3.2	Public toilets	0%	0%	100%	100%	0%	0%	0%
		5.3.3	Public health regulations	60%	0%	40%	40%	0%	0%	0%
		5.3.4	City safety	0%	0%	100%	100%	0%	0%	0%
		5.3.5	WREMO	5%	0%	95%	95%	0%	0%	0%

Capital Expenditure

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

Social and recreation capital expenditure projects are funded through a combination of grants/subsidies, rates funded depreciation and borrowings.

Social and recreation – activity commentary

5.1 Recreation Promotion and Support

ACTIVITY 5.1.1: SWIMMING POOLS

This activity covers the cost of providing the Council's seven swimming pools: Wellington Regional Aquatic Centre (Kilbirnie); Freyberg Pool (Oriental Bay); Karori Pool; Thorndon Pool; Khandallah Pool; Keith Spry Pool (Johnsonville); and Tawa Pool.

Community outcome
This activity contributes towards the following outcomes:

- *People-centred City* - they provide access to sport and recreation opportunities which is important for people's health and wellbeing.
- *Connected City* – they bring people together, strengthening social cohesion, and the city becomes a more appealing place for people to live.

Who Benefits?

Individuals	*80%*
Whole community	*20%*

Our swimming pools mainly benefit the people who use them. These people gain access to high-quality facilities for recreation, fitness and relaxation. The benefits are private and exclusive. It is appropriate and acceptable to charge people to use the pools.

However, there are also benefits to the community as a whole. By providing recreation facilities, the pools help increase the overall levels of residents' health, providing economic and social benefits. Pools provide important community focal points as well as health and recreation programmes that bring people together.

Most people regard the pools as important facilities and are prepared to contribute to the costs through their rates. Many people also like to have the option of using the pools even if they do not choose to do so.

Who should pay?

Whole community	*62%*
Individuals	*38%*

While individuals receive the direct benefits, the Council believes it is appropriate for the community as a whole to bear half of the costs of running the city's swimming pools.

The benefits to the community as a whole and the widespread community support for the facilities justify a significant ratepayer contribution. Though there are other pools in the city, the Council-operated ones are unique for the size and scale of their operations; they are not in direct competition with the private sector and can legitimately be seen as public facilities.

It would not be desirable to raise fees to levels that discouraged people from using them or provided barriers to people on low incomes.

Our funding targets: operating expenses	
User charges	38%
Other revenue	0%
Targeted rate	0%
General rate	62%
TOTAL	100%

ACTIVITY 5.1.2: SPORTS FIELDS

This activity covers the costs of providing the city's sports fields, excluding artificial surfaces. These provide year-round venues for recreation and competitive sport for people of all ages.

Community outcome
This activity contributes towards the following outcomes:

- *People-centred City* - they provide access to sport and recreation opportunities which is important for people's health and wellbeing.
- *Connected City* – they bring people together, strengthening social cohesion, and the city becomes a more appealing place for people to live.

Who Benefits?

Individuals	*30%*
Identifiable part of the community	*30%*
Whole community	*40%*

The city's sports fields provide significant benefits for private individuals and sports clubs. For individuals, they provide facilities for recreation, fitness and relaxation. These benefits are private and partially exclusive. While the fields are booked out at certain times for organised sports such as club football, they are also often available for members of the public to use for informal recreation.

The Council estimates individual people receive about 30 percent of the benefits from sports fields and sports clubs receive about the same benefit.

The sports fields also benefit the community as a whole. By providing recreation facilities they help increase the overall levels of residents' health, providing economic and social benefits. They also provide important community focal points. Most people recognise them as important facilities and are prepared to contribute to the costs through their rates.

Who should pay?

Whole community	*90%*
Individuals	*10%*

While individuals receive significant direct benefits, the Council believes it is appropriate for the community as a whole to bear most of the costs of operating the city's sports fields.

The benefit to the community as a whole and the widespread community support for the facilities justifies a ratepayer contribution. The Council-operated sports fields are not in competition with private sector providers and can legitimately be seen as public facilities.

It is not always possible or desirable to identify individual users. While sports clubs who book sports fields can be identified and are charged, many other people use the fields informally and cannot be

charged. It would not be desirable to raise fees to levels that discouraged organised sports. Nor would it be desirable to raise fees to levels that provided barriers to people on low incomes taking part in organised sports.

Our funding targets: operating expenses	
User charges	10%
Other revenue	0%
Targeted rate	0%
General rate	90%
TOTAL	100%

ACTIVITY 5.1.3: SPORTS FIELDS (SYNTHETIC)

This activity covers the costs of providing the city's synthetic turf sports fields, including their artificial surfaces. These provide year-round venues for recreation and competitive sport for people of all ages.

Community outcome
This activity contributes towards the following outcomes:

- *People-centred City* - they provide access to sport and recreation opportunities which is important for people's health and wellbeing.
- *Connected City* – they bring people together, strengthening social cohesion, and the city becomes a more appealing place for people to live.

Who Benefits?

Individuals	*40%*
Identifiable part of the community	*40%*
Whole community	*20%*

Synthetic turf sports fields provide significant benefits for private individuals and sports clubs. For individuals, they provide facilities for recreation, fitness and relaxation. These benefits are private and mainly exclusive. It is appropriate to charge people to use the facilities.

Council officers estimate individuals receive about 40% of the benefits from the synthetic turf sports fields and sports clubs receive 40%.

There are also benefits to the community as a whole from our provision of synthetic turf sports fields. These facilities help increase overall levels of residents' health, providing economic and social benefits. They also provide community focal points and recreation programmes that bring people together.

Who should pay?

Whole community	*60%*
Individuals	*40%*

While it is individuals and sports clubs that receive most of the benefits, it is appropriate for the community as a whole to bear some of the costs of operating the city's synthetic turf sports fields.

A synthetic turf sports field's weekly hourly usage is only restricted by demand and resource consent limitations regarding the hours of use of flood lighting. This is in contrast to a conventional pitch which has a limited number of recommended hours of use (5-6hrs for soil with drainage, 10-12hrs for sand carpet) in order to allow the pitch to recover. Synthetic turf also provides a higher level of service due to all weather accessibility and consistent playing performance.

Our funding targets: operating expenses	
User charges	40%
Other revenue	0%
Targeted rate	0%
General rate	60%
TOTAL	100%

ACTIVITY 5.1.4: RECREATION CENTRES (INCLUDING ASB SPORTS CENTRE)

This activity covers the costs of providing the Council recreation centres in Karori, Kilbirnie, Khandallah (Nairnville), Tawa and the ASB Sports Centre. These multi-purpose centres provide a range of recreational opportunities while also helping build a sense of community. They host inter-club competitive leagues and social leagues as well as college, intermediate and primary school sport.

Community outcome
This activity contributes towards the following outcomes:

- *People-centred City* - they provide access to sport and recreation opportunities which is important for people's health and wellbeing.
- *Connected City* – they bring people together, strengthening social cohesion, and the city becomes a more appealing place for people to live.

Who Benefits?	
Individuals	*80%*
Whole community	*20%*

Our recreation centres mainly benefit the people who use them. These people gain access to high-quality facilities for sports, recreation and fitness. These benefits are private and exclusive. It is appropriate and acceptable to charge people to use the centres.

However, there are also benefits to the community as a whole from our provision of recreation centres. These facilities help increase overall levels of residents' health, providing economic and social benefits. Recreation centres also provide community focal points and recreation programmes that bring people together.

Who should pay?	
Whole community	*75%*
Individuals	*25%*

While individuals receive most of the benefits, the Council believes it is appropriate for the community as a whole to bear most of the costs of running the city's recreation centres.

The benefit to the community and the significant role these centres play in their local areas justifies a significant ratepayer contribution. The accumulated health benefits to the community as a whole from organised and recreational physical activities at their centres also suggests the whole community should bear the majority of the cost.

In addition, it would not be desirable to raise fees to levels that discouraged people from using the centres or provided barriers to people on low incomes. Ability to pay issues limits the opportunity to recover the cost of this activity through user charges.

Our funding targets: operating expenses	
User charges	25%
Other revenue	0%
Targeted rate	0%
General rate	75%
TOTAL	100%

ACTIVITY 5.1.5: RECREATION PARTNERSHIPS

The Council maintains relationships with a number of groups that seek to provide publicly accessible facilities that contribute to both passive and active recreation.

Community outcome
This activity contributes towards the following outcomes:

- *People-centred City* – this activity supports access to sport and recreation opportunities which is important for people's health and wellbeing.
- *Connected City* – this activity bring people together, strengthening social cohesion, and the city becomes a more appealing place for people to live.

Who Benefits?

Individuals	*80%*
Whole community	*20%*

The organisations we fund and the people that take part in their programmes also receive direct benefits.

Through the development of recreational partnerships, the Council aims to promote the benefits of sport and recreation to Wellingtonians. This has benefits for residents' overall levels of health and fitness, which in turn helps economic and social well-being. In addition, by supporting recreation partners, the city receives the economic benefits from having sport and recreation organisations located here.

Who should pay?

Whole community	*100%*

While the individuals who choose to access these facilities receive some benefits, the Council believes it is appropriate for the residential sector to bear the costs of our recreation partnerships.

The Council is just one source of funding for its recreation partners. The Council's contribution represents the public benefits to Wellington residents while the other funding sources represent the private benefits to participants and other organisations.

In this context the benefits to the community clearly outweigh the benefits to individuals. These benefits include healthier lifestyle and overall additions to social wellbeing.

Our funding targets: operating expenses	
User charges	0%
Other revenue	0%
Targeted rate (Residential)	100%
General rate	0%
TOTAL	100%

ACTIVITY 5.1.6: PLAYGROUNDS

The Council provides more than 100 neighbourhood playgrounds across the city to give families a safer place to play near home. This activity covers the cost of providing those.

Community outcome
This activity contributes towards the following outcomes:

- *People-centred City* – this activity supports access to recreation opportunities and physical play for younger people which is important for their development and their health and wellbeing.
- *Connected City* – these facilities bring people together, are a place where parents with young children connect and provide support, and makes the city a more appealing place for people to live.

Who Benefits?

Individuals	*80%*
Whole community	*20%*

The city's playgrounds provide safe, entertaining places for children to play. The benefits to the children and their families are significant. These benefits are private but not exclusive. It would not be desirable or acceptable to charge people for using playgrounds. The Council's playgrounds policy states that access to playgrounds is a basic right of all children.

The playgrounds also benefit the community as a whole. Playgrounds not only encourage recreation and healthy lifestyles but are also important community focal points. Most people recognise them as important facilities and are prepared to contribute to the costs through their rates.

Who should pay?

Whole community	*100%*

While individuals receive significant direct benefits, the Council believes it is appropriate for the community as a whole to bear the costs of running the city's playgrounds.

Even if the individual beneficiaries could be identified it would not be desirable or acceptable to charge them. The Council believes access to playgrounds is a fundamental right for children.

The benefits to the community as a whole and the widespread community support for the playgrounds justifies ratepayer funding. The Council believes the vast majority of ratepayers would strongly support ratepayer funding of this activity. The playgrounds are public facilities and are not in competition with private sector providers.

Playgrounds make a significant contribution to our goal that Wellington will offer excellent access to a sound social infrastructure that supports high levels of social cohesion.

Our funding targets: operating expenses	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

ACTIVITY 5.1.7: MARINAS

The Council owns two marinas at Evans Bay and Clyde Quay. These provide private storage facilities for boat owners as well as supporting the recreational activities of a large number of boat owners. This activity covers the cost of providing these.

Community outcome
This activity contributes towards the following outcomes:

- *People-centred City* – this activity supports access to the harbour and the coast for recreation, fishing and enjoyment

Who Benefits?
Individuals *100%*

The marinas benefit the people who use them by providing boat sheds for safe storage, moorings and access by marina piers. These benefits are private and exclusive and it is appropriate and acceptable to charge for this service.

Who should pay?
Individuals *100%*

As identifiable individuals receive private benefits from this activity, it is appropriate for them to meet the costs. The benefits accrue to a narrow sector of the community who use these facilities and the user charges are set at appropriate market rates.

Our funding targets: operating expenses	
User charges	100%
Other revenue	0%
Targeted rate	0%
General rate	0%
TOTAL	100%

ACTIVITY 5.1.8: GOLF COURSE

This activity covers the costs of providing the city's municipal golf course

Community outcome
This activity contributes towards the following outcomes:

- ***People-centred City*** **–** this activity supports access to sport and recreation opportunities which is important for people's health and wellbeing.
- *Connected City* – this activity brings people together, strengthening social cohesion, and makes the city a more appealing place for people to live.

Who Benefits?

Individuals	*40%*
Whole community	*20%*
Identifiable parts of the community	*40%*

The city's municipal golf course provides significant benefits for private individuals and the club itself. For individuals, they provide facilities for recreation, fitness and relaxation. These benefits are private and partially exclusive. While the course is booked out at certain times for organised club competitions, they are also often available for members of the public to use for informal recreation.

The Council estimates individual people receive about 60 percent of the benefits from the golf course.

The golf course also benefits the community as a whole. By providing recreation facilities it helps increase the overall levels of residents' health, providing social benefits. It also provides an important community focal point.

Who should pay?

Whole community	*60%*
Individuals	*40%*

While individuals receive significant direct benefits, the Council believes it is appropriate for the community as a whole to bear some of the costs of operating the city's municipal golf course, the main reason being that the golf course is located on townbelt land with free public access to the area.

The benefit to the community as a whole and the widespread community support for the facilities justifies a ratepayer contribution. The Council-operated municipal golf course is in competition with private sector providers and can legitimately be seen as public facilities.

Our funding targets: operating expenses	
User charges	40%
Other revenue	0%
Targeted rate	0%
General rate	60%
TOTAL	100%

ACTIVITY 5.1.9: RECREATION PROGRAMMES

The Council organises programmes to encourage people into leisure activities. These include organised walks and recreation programmes such as KiwiTri and Artsplash aimed at children. This activity covers the cost of providing those.

Community outcome
This activity contributes towards the following outcomes:

- *People-centred City* – this activity supports access to sport and recreation opportunities which is important for people's health and wellbeing.
- *Connected City* – this activity brings people together, strengthening social cohesion, and makes the city a more appealing place for people to live.

Who Benefits?

Individuals	*50%*
Whole community	*50%*

The Council's recreation programmes benefit the individuals who take part by providing them with access to recreation and leisure opportunities. The programmes not only promote health but can also boost participants' overall sense of well-being.

The recreation programmes also benefit the community as a whole. They not only encourage recreation and healthy lifestyles but also operate as community events, helping bring people together. The programmes are targeted at people who may have difficulty organising their own recreation activities.

Who should pay?

Whole community	*95%*
User	*5%*

While individuals receive significant direct benefits, the Council believes it is appropriate for the community as a whole to bear the costs of running these programmes.

The benefits to the community as a whole justify ratepayer funding and it would not be desirable to impose fees as that may discourage participation and provide barriers to people on low incomes taking part.

Sponsorship funding for the Push Play programme has been discontinued from 2009/10, resulting in the ceasing of the programme. As this was the major funding source for this activity, this has lowered the non-rates funding proportion from 25%, and we reflect this in our overall funding target.

Our funding targets: operating expenses

User charges	5%
Other revenue	0%
Targeted rate	0%
General rate	95%
TOTAL	100%

5.2 Community support

ACTIVITY 5.2.1: LIBRARIES

The Council provides a network of libraries including the Central Library, branch libraries, and a highly-popular website.

Community outcome
This activity contributes towards the following outcomes:

- *People-centred City* - libraries are more than just places to borrow books. They are neighbourhood institutions that anchor community life and bring people together.
- *Connected City* - libraries are places of learning and allow readers to connect with others and exchange knowledge.

Who Benefits?

Individuals	*80%*
Whole community	*20%*

Libraries mainly benefit the people who use them. These people gain free or low-cost access to books, videos, magazines, music and other items. The breadth of the network means that the services it provides are easily accessed by those opting to use it. They use these services for recreation or business and to enhance their knowledge and overall well-being.

We monitor the use of libraries. Our indicators suggest that the vast majority of use is for recreational and personal use while up to 30 percent is in part used for business purposes.

The libraries also provide significant benefits to the community as a whole. By providing access to information, the libraries enhance the overall levels of skill and knowledge in the city, providing economic and social benefits. They act as important community centres. And they host events and outreach services that bring people together, as well as information for immigrants and information about local communities and their history.

The library network adds to residents' quality of life. The vast majority of Wellingtonians are library members or users - even those who are not regular users generally like to have the option of using library services. The branch libraries draw people in to suburban centres bringing vitality to those areas and added custom to local businesses. The Central Library is a significant city landmark which contributes to civic pride.

Who should pay?

Whole community	*90%*
Individuals	*10%*

While individuals receive many of the direct benefits, the Council believes it is appropriate that most of the cost of running libraries should be met by the wider community. Some user charges will apply for some 'added' services and through penalty fines for late returns.

The community benefits as a whole and the widespread community support for the facilities justifies a significant ratepayer contribution. Libraries are among the most popular of Council services and there is strong support for them to be free at the point of use. The libraries are significant public facilities that are not in direct competition with the private sector.

It would not be desirable to raise fees to levels that discouraged people from using the library services or provided barriers to people on low incomes. It would not be desirable or acceptable to impose user charges for entry to the libraries or basic book lending services.

Fees are imposed on services that are provided in addition to the core services of the library. For instance modest fees apply for the rental of videos. Penalty fees also apply to the late return of items.

Since the vast majority of residents are also library users, the application of a uniform targeted rate is considered an effective way of funding the portion of the service that is known to be used by residents.

As it is not possible to distinguish a direct beneficiary of the remaining portion of users, it is considered fair and efficient that a significant portion of the library service be paid for by the whole community.

Our funding targets: operating expenses	
User charges	10%
Other revenue	0%
Targeted rate	0%
General rate	90%
TOTAL	100%

ACTIVITY 5.2.2: ACCESS SUPPORT (LEISURE CARD)

The Council offers discounted access to recreation facilities for holders of our Passport to Leisure card, which is issued free to all residents on low incomes.

Community outcome
This activity contributes towards the following outcomes:

- *People-centred City – we* provide subsidised access to our recreation programmes and facilities through our Leisure Card programme to encourage active and healthy lifestyles for all Wellingtonians without unreasonable hardship.

Who Benefits?

Individuals	*75%*
Whole community	*25%*

The Passport to Leisure programme benefits individual participants by giving them affordable access to recreation and leisure opportunities. The programme helps boost participants' health, fitness and overall well-being.

The programme also benefits the wider community by encouraging healthy lifestyles, which enhances social and economic well-being. It adds to social cohesion by reducing barriers to people on low incomes.

Who should pay?

Whole community	*100%*

While the programme mainly benefits individuals the Council believes it is appropriate for the whole community to share the costs.

The programme is aimed at increasing access to recreation and leisure for people on low incomes, by making facilities available at reduced cost. Clearly, this means someone else has to pay. The benefits to all wider community justify the costs being drawn from the general rate.

This programme makes a significant contribution to the Council's goal that Wellington residents will be more actively engaged in their communities, and in recreation and leisure activities.

Our funding targets: operating expenses	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

ACTIVITY 5.2.3: COMMUNITY ADVOCACY

We encourage people to contribute to their community and participate in city activities. Our City Communities advisors support a wide range of community groups such as senior citizens, Māori, youth, Pacific Islanders, refugees and migrants, and people with disabilities. This work aims to ensure that Wellington's diverse population is supported and embraced by a tolerant, caring and welcoming community.

Community outcome
This activity contributes towards the following outcomes:

- *People-centred City - we* support the development of individual wellbeing, safe neighbourhoods and cohesive, engaged and inclusive communities.
- *Connected City – we* help people and communities connect and engage with each.

Who Benefits?

Whole community	*60%*
Individuals	*40%*

The projects funded under this activity benefit all Wellington residents. They strengthen people's sense of identity, and enhance community cohesion and social well-being. Some projects, such as provision of concerts and other youth activities, may help prevent crime and improve public safety.

There are also some private benefits from these activities. The very nature of this work is targeted towards discrete communities. However while the support we provide to these individuals or groups may be tailored to their needs often this will not constitute a greater level of service than that provided to the wider community. For instance tailoring a consultation document for someone who is blind allows that person to contribute to the same extent as those that are sighted.

Who should pay?

Whole community	*100%*

The Council believes it is appropriate to fund the majority of costs for this activity from rates targeted to the residential sector. This is because the benefits accrue to all residents.

Our funding targets: operating expenses	
User charges	0%
Other revenue	0%
Targeted rate (Residential)	100%
General rate	0%
TOTAL	100%

ACTIVITY 5.2.4: GRANTS (SOCIAL AND RECREATION)

The Council maintains four grants pools. This activity covers the grants to community groups and organisations whose projects seek to promote recreational activity and overall social wellbeing. The grants process is overseen by a subcommittee of Council.

Community outcome
This activity contributes towards the following outcome:

- *People-centred City* - our grants support community groups that promote individual wellbeing, safe neighbourhoods and cohesive, engaged and inclusive communities. The grants also support active and healthy lifestyles through support of recreation and sporting groups.

Who Benefits?

Identifiable part of the community	*50%*
Whole community	*50%*

The groups and organisations that receive grants clearly benefit from this activity. But the community as a whole also benefits. The grants pool itself is not exclusive - it is open so that anyone has the opportunity to apply. And the projects of the successful applicants will have flow on benefits for the community.

Who should pay?

Whole community	*100%*

While grants recipients benefit directly from this activity seeking to recoup the cost from them would defeat the purpose of the grants pool. Given this and that there are benefits to the community as a whole, the Council believes the fairest and most effective way to fund it is from general rates.

Our funding targets: operating expenses	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

ACTIVITY 5.2.5: HOUSING

The Council owns over 2000 housing units, which we rent to low income people whose housing needs are not met by the private sector. We allocate these homes according to need. Tenants are charged 70 percent of the estimated market rent for their property.

Community outcome
This activity contributes towards the following outcome:

- ***People-centred City*** **-** they provide an opportunity for a home and a better quality of life for those less well-off without unreasonable hardship.

Who Benefits?

Individuals	*90%*
Whole community	*10%*

The main beneficiaries of this activity are the tenants, who receive accommodation at below market rent. Their benefits are private and exclusive. While the Council's rental housing units are aimed at meeting needs that the market does not or cannot meet, to some extent these housing units are in competition with properties provided by private landlords.

However, there are also some benefits to the community as a whole. By providing homes for people who otherwise may be unable to afford them, the Council also contributes to community cohesion and may have benefits for public health and safety.

Who should pay?

Individuals	*100%*

As the main beneficiaries, it is appropriate for tenants to pay most or all of the costs involved in providing community housing. The Council's current policy is to provide homes at 70 percent of market rental. The Community Housing activity is ring-fenced with user charges through rental income funding 100% of operating expenses. The opportunity cost of not obtaining market rentals is not included in this funding analysis.

Our funding targets: operating expenses	
User charges	100%
Other revenue	0%
Targeted rate	0%
General rate	0%
TOTAL	100%

ACTIVITY 5.2.6: COMMUNITY CENTRES AND HALLS

The Council owns 15 community centres and halls, and support another six community-owned centres. These centres provide places for people to hold meetings and other events. Eight of them also provide locations for crèches.

We also maintain an accommodation assistance fund that provides community groups with access to subsidised office space.

Community outcome

This activity contributes towards the following outcome:

- *People-centred City* – these facilities are important anchors in our communities. They are places for groups to come together, strengthening social cohesion, and making the city a more appealing place for people to live.

Who Benefits?

Individuals and identifiable part of the community	*60%*
Whole community	*40%*

The people and groups who use community facilities receive a clear and direct benefit. Though the facilities are available to all, this benefit is private and exclusive – only one group can use a room in a community centre at any one time.

However, the provision of these facilities also has benefits for the wider community. Not only do the facilities help bring people together, the groups that use them often make significant voluntary contributions to community well-being.

Who should pay?

Individuals and identifiable part of the community	*5%*
Whole community	*95%*

The purpose of providing these facilities is to encourage community groups and support the benefits they bring to the city. Clearly, this means someone other than the people using the facilities has to bear most of the costs. The Council believes it is appropriate to fund this activity mostly from rates targeted to the residential sector.

However it is also fair and reasonable that the people and groups using these spaces and offices meet some part of the costs by paying fees. These should be kept at nominal levels as charging more would mean some people and groups could not afford to use the facilities.

Our funding targets: operating expenses	
User charges	5%
Other revenue	0%
Targeted rate (residential)	95%
General rate	0%
TOTAL	100%

5.3 Public Health and Safety

ACTIVITY 5.3.1: BURIALS AND CREMATIONS

We operate the crematorium and cemetery at Karori and the cemetery at Makara.

Community outcome

This activity contributes towards the following outcome:

- *People-centred City* – the cemeteries provide sensitive and respectful bereavement services catering for a wide range of communities and beliefs. We maintain the cemetery sites to a good standard, reflecting their importance to the community.

Who Benefits?

Whole community	*50%*
Identifiable part of the community	*50%*

The cemeteries provide families of the deceased with access to appropriate burial or cremation facilities, allowing them to farewell their loved ones with dignity.
They also have significant benefits to the community as a whole. These include the public health benefits of ensuring burials and cremations are conducted appropriately, the contribution made by the cemeteries to the city's heritage, the social benefits of ensuring a wide range of religious and cultural needs are catered for, and the provision of park-like surroundings that benefit not only families of the deceased but also all members of the community. Members of the public expect cemeteries to be properly maintained and accessible to all.

The provision of these services can also be seen to benefit funeral homes and other private businesses in this field.

Who should pay?

Whole community	*50%*
Identifiable part of the community	*50%*

Since the benefits of this activity are split between individuals and the community as a whole, it is appropriate for the costs to also be split.

It should be noted that historically we have been able to recover less than 50 percent of the cost of this activity through user charges. Recent efforts to improve this rate of cost recovery have resulted in some improvements; however due to price elasticity we anticipate that on occasions we will not meet this target. The remaining costs are appropriately met through general rates.

Our funding targets: operating expenses	
User charges	50%
Other revenue	0%
Targeted rate	0%
General rate	50%
TOTAL	100%

ACTIVITY 5.3.2: PUBLIC TOILETS

We own and maintain around 100 public toilets throughout the city, located at public places such as parks, playgrounds, sports fields, and shopping centres and in the central business district. This activity includes ensuring they are kept clean and fit for public use.

Community outcome
This activity contributes towards the following outcome:

- *People-centred City* – these facilities are located conveniently throughout the city protecting against public health risks.

Who Benefits?

Whole community	*60%*

Individuals *40%*

Council-owned public toilets clearly benefit people who use them. Their provision also benefits everyone who lives and works in the city, by protecting people in public places from the health hazards that would arise if there were no facilities or if facilities were not kept clean.

Who should pay?
Whole community *100%*

Since this activity benefits the whole community, the fairest and most effective way to fund it is through the general rate. Though individuals also benefit, the Council does not believe it would be appropriate to refuse access to people who cannot or will not pay.

Our funding targets: operating expenses	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

ACTIVITY 5.3.3: PUBLIC HEALTH REGULATIONS

This activity covers the Council's role in licensing and monitoring food outlets, licensing liquor outlets, registering and impounding dogs, responding to noise, nuisance, animal and litter complaints, and handling infectious disease investigations and the sorting and processing of dangerous goods.

Community outcome
This activity contributes towards the following outcome:

- *People-centred City* – this activity protects against public health risks.

Who Benefits?
Whole community *75%*
Individuals *25%*

The Council's public health work is required under several laws including the Liquor Act, the Resource Management Act and legislation covering hazardous substances. It provides significant benefits to the community as a whole, including protection of the public from hazards such as dangerous chemicals, unsafe food, excessive noise and diseases.

Most of this work involves protecting the public from hazards created or potentially created by identifiable businesses and people. There are benefits to individual businesses which could not legally operate without the Council providing these services, and there are benefits to individuals who have their complaints dealt with or otherwise are protected from a hazard or nuisance.

There are also a number of users who benefit from this activity. Businesses use Council services to monitor and licence their food and liquor outlets. Dog owners benefit from the dog licensing scheme. These users are charged a fee for the benefits they receive.

Who should pay?
Whole community *40%*

Individuals *60%*

As this work largely protects the community from harm, it is appropriate that the people or businesses causing the harm should pay. The Council's public health activities include a range of user charges. For example, licensing and monitoring of food outlets is carried out on a full cost-recovery basis, while user charges recover about 75 percent of animal control costs. Some charges, such as those for liquor licensing, are determined by statute.

For some services, it is not appropriate or possible to charge users. For example, the cost of responding to public complaints about noise, nuisance, litter, animals and other public health issues cannot be recovered as it would not be appropriate to charge those making the complaints and it is not always possible to identify the person or business responsible for the hazard. Overall, user charges recover about 60 percent of the cost of providing these public health services. Accordingly, the Council's target is to fund 60 percent of the cost of this activity through user charges.

Since the benefits to the community as a whole are significant, it is appropriate for the remaining costs to be funded from general rates.

Our funding targets: operating expenses	
User charges	60%
Other revenue	0%
Targeted rate	0%
General rate	40%
TOTAL	100%

ACTIVITY 5.3.4: CITY SAFETY

This activity covers our efforts that are directed at making the city safe and ensuring people feel safe. This includes patrols by city safety officers, closed circuit television monitoring of some inner-city streets, and safety audits which identify necessary improvements such as better street lighting.

Community outcome
This activity contributes towards the following outcome:

- *People-centred City* – this activity promotes individual wellbeing, safe neighbourhoods and a safe inner city.

Who Benefits?
Whole community *100%*

Our city safety initiatives benefit the whole community. By preventing crime, these initiatives have a clear and tangible effect on residents' well-being. This, in turn, has several other positive spin-offs. Increased safety levels encourage people into the city centre, which makes the city more vibrant and also benefits retailers and other businesses. These efforts also contribute to civic pride by enhancing Wellington's reputation as a very safe city by national and international standards.

Though individuals benefit from reduced crime, the benefits are felt community-wide and are not exclusive to individuals. As a lot of this work is directed at the inner city it may be argued that there are greater benefits to those who live and work in the city than to residents who do not use the inner city

often. However, making the city safer means even those who don't use the inner city are more likely to feel they have the option to safely access the inner city.

Who should pay?

Whole community	*100%*

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

Our funding targets: operating expenses	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

ACTIVITY 5.3.5: WELLINGTON REGIONAL EMERGENCY MANAGEMENT OFFICE (WREMO) AND RURAL FIRE

Wellington Regional Emergency Management Office (WREMO) provides a shared service to all the councils within the region. Its role is to help the city prepare for disasters such as earthquakes and floods, and to maintain the Council's Emergency Operations Centre at a state of readiness for response. WREMO works with government agencies, other councils in the region and international agencies.

Community outcome

This activity contributes towards the following outcome:

- *People-centred City* – this agency works with all sectors of the community to ensure the city is well-prepared for earthquakes and other natural disasters.

Who Benefits?

Individuals	*10%*
Whole community	*90%*

All residents and businesses benefit from preparation work to alleviate and cope with disasters like storms, floods and earthquakes. WREMO is a focal point for help and gives the entire community some comfort that a ready response is available to cope with disasters and quickly recover.

From time to time, WREMO may receive income in the form of grants from the Ministry of Civil Defence and Emergency Management, and other sources. However, this income varies significantly from year to year. We anticipate 5 percent revenue over the foreseeable future

Rural Fire and Fire Prevention

WCC contributes to the Wellington Rural Fire Authority (WRFA) which incorporates the rural fire capabilities and responsibilities of the Wellington, Kapiti, Upper Hutt, Lower Hutt and Porirua city councils.

Many Wellington properties back onto large areas of vegetation which can present a significant fire risk. The ability to provide fire suppression and prevention mechanisms benefits both the property owner and wider community through enhanced resilience.

Who should pay?

Whole community	*95%*
User	*5%*

While individuals property owners benefit from this work in the event of a large vegetation fire , the benefit to the whole community far outweighs this. The Council believes the fairest and most effective way to fund this activity is from general rates.

From time to time, WRFA may receive income in the form of grants from the New Zealand Fire Service Commission via the National Rural Fire Authority. This income varies significantly from year to year. We anticipate 5 percent revenue over the foreseeable future

Our funding targets: operating expenses	
User charges	5%
Other revenue	0%
Targeted rate	0%
General rate	95%
TOTAL	100%

Urban Development

Directing growth and delivering quality

Nestled between harbour and hills, Wellington is a compact and dynamic city. We aim to preserve its special character, making sure developments are safe and in harmony with the environment. Our work in this area includes urban planning, building and development regulation, heritage protection and the development of public spaces.

Operating activities

With the exception of regulatory services, the majority of activities in this area are funded by the whole community via the General Rate. The funding sources are illustrated in the graph below.

Activity Area	Activity Grouping	Activity	Activity Component Name	User Fees	Other Income	Rates	General	Residential Target	Commercial Targeted	Downtown Targeted / Other
Urban Development	Urban planning, heritage and public spaces development	6.1.1	Urban planning and policy	0%	0%	100%	100%	0%	0%	0%
		6.1.2	Waterfront development	0%	0%	100%	100%	0%	0%	0%
		6.1.3	Public spaces and centres development	0%	0%	100%	100%	0%	0%	0%
		6.1.4	Built heritage development	0%	0%	100%	100%	0%	0%	0%
	Building and development control	6.2.1	Building control and facilitation	65%	0%	35%	35%	0%	0%	0%
		6.2.2	Development control and facilitation	50%	0%	50%	50%	0%	0%	0%
		6.2.3	Earthquake risk mitigation - built environment	0%	0%	100%	100%	0%	0%	0%
		6.2.4	Regulator - Building Control and Facilitation Weathertight Homes	0%	0%	100%	100%	0%	0%	0%

Capital Expenditure

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

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

Urban development – activity funding commentary

6.1 Urban Planning, Heritage and Public Spaces Development

ACTIVITY 6.1.1: URBAN PLANNING AND POLICY

The Council wants to ensure the city grows in ways that encourage high-quality development and produce the best long-term result for everyone. To do this, we will use appropriate controls to guide development, particularly in key areas of the city. This includes guiding development in the northern part of the city where rapid growth is expected in coming years and implementing the District Plan. An important component of our overall urban planning and policy work is how we manage infill developments. This is a priority for the Council as we work on the 'growth spine concept'.

Community outcome
This activity contributes towards the following outcome:

- *People-centred City* – this activity ensures the city's built form is developed in appropriate ways
- *Eco-city* – urban planning is focused on intensive urban development and alongside our urban containment policies are designed to prevent sprawls and enhance our transport and lifestyle choices.
- *Dynamic Central City* - this activity shapes how the built form and urban culture of the city is developed into the future

Who Benefits?

Whole community	*100%*

Urban planning ensures the city grows in a controlled way that is environmentally sustainable, enhances community cohesion, and encourages high-quality developments. While the Northern Growth Management Framework is obviously specific to that area, the benefits of improved infrastructure and co-ordinated growth will be felt city-wide.

Who should pay?

Whole community	*100%*

The Council seeks to build stronger communities through funding this activity. Our aim is to make Wellington even more liveable – making it a great place to be by offering a variety of places to live, work and play within a high quality public environment. Since the community as a whole benefits from this work, it is appropriate for general ratepayers to bear the costs.

Our funding targets: operating expenses

User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

ACTIVITY 6.1.2: CITY SHAPER DEVELOPMENTS

The Wellington waterfront is a key area of the city. We oversee its development in line with a guiding policy, the Wellington Waterfront Framework. Management of waterfront development is carried out by a Council controlled organisation, Wellington Waterfront Limited.

Our role includes preparing an annual work plan that outlines short and long- term development proposals for the waterfront and funding the operations of Wellington Waterfront Limited.

Community outcome
This activity contributes towards the following outcome:

- *People-centred City* - the waterfront offers safe open spaces that welcome and engage people and encourage them to stay.

- *Dynamic Central City* – the waterfront is an accessible and unique component of the inner city that offers opportunities for relaxation, recreation and leisure.

Who Benefits?
Whole community *100%*

This work benefits the whole community by making the city more attractive and vibrant, and providing valuable recreation opportunities. Through development of public spaces that complement the natural beauty of the waterfront, the image and the "sense of place" that people have for the city is enhanced. Waterfront development attracts people into the city, supporting social cohesion and aiding the economy.

While the direct beneficiaries are mainly people who choose to visit the waterfront, these benefits are not exclusive. When one person visits Queen's Wharf or Frank Kitts Park, that doesn't stop anyone else from being in the area too. Nor would it be practical or acceptable to identify users of the waterfront and require them to pay. Similarly, though people living in the inner city benefit from better access to the waterfront, this is outweighed by the benefits to all people in the city.

The operational spending for this activity covers planning and public consultation. All residents benefit from the opportunity to have their views heard.

Who should pay?
Whole community *100%*
Since the community as a whole benefits from this work, it is appropriate for general ratepayers to bear the costs.

Our funding targets: operating expenses	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

ACTIVITY 6.1.3: PUBLIC SPACES AND CENTRES DEVELOPMENT

We fund work to develop the street environments, urban parks and squares, and other public areas in the city and suburban centres. We aim to make these areas safe, accessible and attractive, with plenty of green space. This activity includes maintenance of the city's public artworks and consultation, planning and co-ordination of suburban centre upgrades.

Community outcome
This activity contributes towards the following outcome:

- *People-centred City* – development of public squares and parks enhances people's enjoyment of the city and contributes to our civic pride and our 'sense of place'.

- *Dynamic Central City* – public spacers are an important component of the inner city providing accessible opportunities for relaxation, recreation and leisure for residents and visitors. High-quality developments make the city a more attractive place to live, attract visitors and support business opportunities..

Who Benefits?

Whole community	*100%*

This work benefits the whole community by enhancing the urban environment, making the city safer and contributing to the vibrancy of Wellington. All residents and visitors to the city are able to enjoy its public spaces. While those who use city or suburban shopping areas, urban parks, squares and other public areas receive direct benefits, these benefits are not exclusive and it would not be desirable or acceptable to require people to pay for them directly. Similarly, though individual suburbs benefit from work on suburban centres, these upgrades are not restricted to particular areas of the city – upgrades either have been carried out recently or are timetabled across many suburbs.

As well as enhancing the environment, development of city and suburban centres benefits the economy and enhances people's pride in the city.

Who should pay?

Whole community	*100%*

While centre development provides a clear benefit to geographical suburban areas, targeted rates to fund these activities are not considered appropriate given the broad benefit to the community as a whole, and that centre upgrades are scheduled to occur throughout the city. The public good benefit over-rides any direct benefit to individual communities. However, if a suburban community asks for a higher standard of upgrade, or an earlier timeline than the Council has planned, the Council may consider imposing a targeted rate.

Our funding targets: operating expenses	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

ACTIVITY 6.1.4: BUILT HERITAGE DEVELOPMENT

In order to promote Wellington as a place that celebrates its landmarks and heritage, we work to help protect and restore the city's heritage assets.

The District Plan ensures heritage buildings, trees, monuments and other assets, and sites of significance to tangata whenua, are recognised and that controls are in place to manage changes to or removal of these assets.

Our work in this area includes maintaining an inventory of heritage sites, restoring significant heritage buildings in public ownership and upgrading heritage sites.

Community outcome

This activity contributes towards the following outcome:

- *People-centred City* – heritage buildings contribute to the city's distinct identity and enhance its sense of place.

Who Benefits?
Whole community *100%*

This work benefits the whole community by protecting the city's heritage. Preservation of city landmarks enhances the city's image, makes it more attractive, and contributes to people's sense of history and community pride. The community also benefits from enhancement of publicly-owned heritage assets.

Who should pay?
Whole community *100%*

Since the community as a whole benefits from this work, it is appropriate for general ratepayers to bear the costs.

Our funding targets: operating expenses	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

6.2 Building and Development Control

ACTIVITY 6.2.1: BUILDING CONTROL AND FACILITATION

The Council has a statutory responsibility under the Building Act and the Resource Management Act to control building developments. This includes ensuring buildings are safe and sanitary, and do not threaten environmental quality or public health.

Work includes issuing and monitoring building consents - we have building guidelines to make sure buildings meet the required standards. We also have responsibilities under the Fencing of Swimming Pools Act to ensure all swimming pools are adequately fenced.

Community outcome
This activity contributes towards the following outcome

- *People-centred City* - All cities control building work according to the provisions of the Building Act and codes. These controls are necessary to protect public health and safety, and to protect future users of land and buildings.
- *Eco-city* - we promote intensive development, rather than sprawl into green spaces, and encourage the greening of streets, buildings and places.

Who Benefits?

Individuals	*80%*
Whole community	*20%*

Our building control work benefits private individuals – the people and companies that build or redevelop homes, offices and other buildings. Our work ensures these buildings are safe and meet legal requirements. These benefits apply to buildings which, in almost all cases, are for private and exclusive use. The people who use our building consent services are clearly identifiable and can be stopped from using the service if they refuse to pay.

Similarly, the beneficiaries of our efforts to ensure swimming pools are adequately fenced are private individuals – those people who own and use swimming pools and those who are kept safe because pools are fenced.

Who should pay?

Individuals	*65%*
Whole community	*35%*

While individuals receive the benefits of our building control work, we are constrained in our ability to recover costs from those individuals. User charges for some activities are set by law or regulation. For some activities, the law prevents us from charging at all.

In addition, to meet all the costs of building consents through user charges we would need to raise the charges to a level that may create an incentive for homeowners to avoid the consent process and carry out illegal building work.

These factors mean that, historically we have been able to recover only about half the cost of this activity through user charges. Recent efforts to improve this rate of cost recovery have resulted in some improvements, however additional costs accruing from the Building Act have off-set these gains. Accordingly, the Council's target is to fund 50 percent of the cost of this activity through user charges. However, we plan to raise this target over time.

Our funding targets: operating expenses

User charges	65%
Other revenue	0%
Targeted rate	0%
General rate	35%
TOTAL	100%

ACTIVITY 6.2.2: DEVELOPMENT CONTROL AND FACILITATION

The Council has a statutory responsibility under the Resource Management Act to ensure land and other resources are used sustainably. The District Plan, adopted in 2001 after public consultation, contains specific policies relating to land and resource use in the city. We administer the District Plan, regulating developments to ensure they are safe, sustainable and meet public expectations. Specific activities, including issuing resource consents, monitoring compliance and dealing with complaints about environmental matters, are covered by this activity.

Community outcome
This activity contributes towards the following outcome

- *People-centred City* - All cities control development work according to the provisions of the Resource Management Act and District Plan. These controls are necessary to ensure resources are used sustainably, to protect public health and safety, and to protect future users of land and buildings. They're also needed to protect urban character and to preserve the city's heritage.

Who Benefits?

Individuals	*60%*
Whole community	*40%*

The main beneficiaries of this work are the individual people and businesses involved in land subdivision and development or use of other resources. This work helps ensure the developments are safe, sustainable and meet legal obligations.

There is also a significant public benefit. By controlling the safety and environmental effects of developments, we help prevent harm to members of the public both now and in the future.

Who should pay?

Individuals	*50%*
Whole community	*50%*

While individuals receive an estimated 60 percent of the benefit from the Council's development control work, our ability to recover costs from those individuals is limited. User charges for some activities are set by law or regulation. For some activities, the law prevents us from charging at all. In addition, while individuals causing damage to the environment should bear the costs of dealing with their actions, it is not always possible to identify them.

To meet 60 percent of the costs of resource consents through user charges would require raising them to a level that may create a disincentive for growth and development of the city, potentially harming the economy.

These factors mean that, historically, we have been able to recover only about a third of the cost of this activity through user charges. Further initiatives are being investigated to improve this rate in the future.

Our funding targets: operating expenses

User charges	50%

Other revenue	0%
Targeted rate	0%
General rate	50%
TOTAL	100%

ACTIVITY 6.2.3: EARTHQUAKE RISK MITIGATION – BUILT ENVIRONMENT

Earthquake Resilience is a key focus for Wellington City Council. The Council has a statutory responsibility under the Building Act to mitigate the risks that earthquakes may have on structures. This activity covers that work and also the contribution that the Council may make to a localised earthquake assessments.

Community outcome
This activity contributes towards the following outcome

- *People-centred City* - Wellington's high earthquake risk means this work is critical. It protects public safety, as well as preserving the city's heritage and the economic investment made in buildings and infrastructure.

Our funding targets: operating expenses	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

ACTIVITY 6.2.4: BUILDING CONTROL AND FACILITIATION – WEATHERTIGHT HOMES

Community outcome

This activity contributes to a 'People Centred City' by providing resolution to the weathertight homes issue, by supporting repairs to provide healthier and more resilient homes.

Who Benefits

Whole Community 100%

Resolving weathertight homes issues provides benefits to the Community as a whole. Through no fault of their own, individuals are stuck with leaky homes which can, in the worst circumstances, affect the health and well being of those living there. Ensuring homes get fixed improves the health and well being of individuals and reduces the call on the Community's health services. It also ensures the quality of housing stock available to residents in the City.

It is not considered that the actions or inactions of any individuals or group have directly contributed to the requirement to address the resolution of weathertight homes issues.

Who should pay

Whole Community	100%

Since the activity benefits the community as a whole, the fairest and most effective way to ultimately fund it is from general rates. The quantum of the liability required to be funded will likely necessitate the use of borrowings to spread the cost and ensure that the affordability of any rates funding requirement is considered and managed.

Given the specific nature of the cost it is important that any borrowing and rate funding associated with this activity are transparent and that these funds are effectively ring fenced and only used for the specific purpose of settling weathertight homes claims and the associated interest costs from any related borrowings. There are minimal costs associated with a decision to fund this activity distinctly from other activities.

Our funding targets: operating expenses	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

Transport

Providing quality connections

We're responsible for Wellington's extensive transport network, and for planning for the city's future transport needs. We see a high-quality transport system as critical to the city's economy and quality of life. Our transport activities include looking after hundreds of kilometres of city roads, as well as accessways, footpaths, cycleways, parking facilities, traffic signs and signals, street lighting and pedestrian crossings. We also manage parking areas and have an ongoing programme of safety promotion.

Operating activities

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

Activity Area	Activity Grouping	Activity	Activity Component Name	User Fees	Other Income	Rates	General	Residential Target	Commercial Targeted	Downtown Targeted / Other
Transport	Transport	7.1.1	Transport planning	0%	15%	85%	85%	0%	0%	0%
		7.1.2	Vehicle network	0%	5%	95%	95%	0%	0%	0%
		7.1.3	Cycle network	0%	0%	100%	100%	0%	0%	0%
		7.1.4	Passenger transport network	0%	65%	35%	35%	0%	0%	0%
		7.1.5	Pedestrian network	0%	0%	100%	100%	0%	0%	0%
		7.1.6	Network-wide control and management	15%	15%	70%	70%	0%	0%	0%
		7.1.7	Road safety	0%	30%	70%	70%	0%	0%	0%
	Parking	7.2.1	Parking	100%	0%	0%	0%	0%	0%	0%

Capital Expenditure

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

Transport capital expenditure projects are funded through a combination of NZTA subsidies, rates funded depreciation and borrowings.

Transport – activity funding commentary

7.1 Transport

ACTIVITY 7.1.1: TRANSPORT PLANNING

The mixed modes and changing demands on transportation means that transportation planning becomes increasingly important. The Council's work in this area is closely linked to the work that we carry out under urban development. We also incorporate travel demand management planning as a component part of our overall transport and urban planning work.

Community outcome
This activity contributes towards the following outcome

- *People-centred City* – the transport network provides people with accessible and safe transport choices, from their homes to shops, for work, recreation and pleasure, including walkways and bikeways.
- *Connected City* – the transport network provides accessible and safe transport choices that connect people with each other and with places locally, nationally and internationally, including for commerce and trade.
- *Eco-city* - a network that is efficient means fewer cars are stuck in traffic meaning less emissions are produced
- *Dynamic Central City* – A network that allows easy movement of people and goods is vital for business and a significant competitive advantage.

Who Benefits?

Whole community	*100%*

This activity is of benefit to the whole community.

A well planned transportation network plays an important part in making the city more liveable. It provides for the efficient movement of freight and it allows for people to be better connected, aiding social cohesion.

Who should pay?

Whole community	*85%*
Other	*15%*

A part of the cost of this activity is funded by a subsidy from the Government roading funding agency NZTA, which passes on funding from fuel taxes. As the activity is of benefit to the whole community it is considered fair and appropriate that the remainder be funded from the general rate.

Our funding targets: operating expenses	
User charges	0%
Other revenue	15%
Targeted rate	0%
General rate	85%
TOTAL	100%

ACTIVITY 7.1.2: VEHICLE NETWORK

We manage a network that includes 74 bridges, four tunnels, and more than 650 kilometres of urban and rural roads, as well as all related pavements and service lanes. Upkeep of these roads includes resurfacing and major structural works, such as maintenance and earthquake-strengthening of bridges and tunnels.

This activity also covers port access. The efficient movement of freight to and from the port is an important contributor to the city's economy. We work alongside the port authorities to ensure we can find appropriate solutions to the movement of freight so that these reduce any negative impacts on other users of the vehicle network.

As steward of the roads in a harbour city, we also have a responsibility to maintain sea walls, as well as the walls on dry land that make up the 'road corridor'.

Community outcome
This activity contributes towards the following outcome

- *People-centred City* – the transport network provides people with accessible and safe transport choices, from their homes to shops, for work, recreation and pleasure, including walkways and bikeways.
- *Connected City* – the transport network provides accessible and safe transport choices that connect people with each other and with places locally, nationally and internationally, including for commerce and trade.
- *Eco-city* - the network reflects our commitment to sustainable, safe and efficient transport choices including walking and biking.
- *Dynamic Central City* – the network provides for easy and affordable movement to and around the central city, especially by walking.

Who Benefits?

Whole community	*100%*

The city's vehicle network is a vital public asset. Roads are available for all residents and visitors to use and, under the current law; we cannot charge anyone for using them. The vehicle network is not in competition with any privately-provided alternative. It benefits all residents by providing the means for safe, efficient travel. This benefits the economy and is also important for social reasons. For example, an efficient vehicle network allows people to get to work, visit friends and family, and get their children to school. This 'public good' aspect of the vehicle network is reflected in the fact that the Council's responsibility for providing and maintaining the network is enshrined in law.

The direct beneficiaries of the vehicle network are road users. This includes businesses that use roads for commercial purposes such as transporting goods. It also includes everyone who drives cars. But there are also many indirect beneficiaries, including people who never leave their homes but receive meals on wheels or mail deliveries.

It may be argued that the commercial sector receives a higher direct benefit than city residents. Heavy commercial vehicles cause more wear and tear on the roading network than private cars. However, it is not possible to reasonably assess how much benefit falls to each group.

Who should pay?

Whole community	*95%*
Other	*5%*

A significant part of our vehicle network costs are covered by a subsidy from the Government roading funding agency NZTA, which passes on funding from fuel taxes. Of the remaining costs, as the community as a whole benefits from the vehicle network, the fairest and most efficient way to fund this activity is from general rates. While there may be arguments for imposing some direct costs on road users and, in particular, on heavy vehicles which cause a significant amount of wear and tear, the Council currently has no legal means of charging road users.

The amount of the NZ Transport Agency subsidy varies from year to year depending on the scheduled asset management plan works and changes to the works programme based on reprioritisation.

Our funding targets: operating expenses	
User charges	0%
Other revenue	5%
Targeted rate	0%
General rate	95%
TOTAL	100%

ACTIVITY 7.1.3: CYCLE NETWORK

The Council maintains cycleways in the city and suburbs. These require regular upkeep to ensure they have smooth surfaces, clear lane markings and signage, as well as cycle stands at appropriate parking points.

Community outcome
This activity contributes towards the following outcome

- *People-centred City* – the cycle network provides people with transport choices, from their homes to shops, for work, recreation and pleasure.
- *Connected City* – the cycle network provides transport choices that connect people with each other and with places locally.
- *Eco-city* - the cycle network reflects our commitment to sustainable, safe and efficient transport choices
- *Dynamic Central City* – the cycle network provides for easy and affordable movement to and around the central city.

Who Benefits?

Whole community	*100%*

The cycleways provide significant benefits to the whole community. By encouraging people to walk and use cycles, they benefit the environment and improve residents' overall levels of health. By reducing the amount of traffic, they make the city's roads safer. Also, though not all residents use them, the opportunity is available for all. As an integral part of the transport network, the cycleways are a public asset.

The direct beneficiaries of the city's cycleways are clearly the people who use them. This includes both cyclists and pedestrians who use the cycleways as de facto walkways. The cycleways provide these people not only with transport but recreational opportunities. However, it would be impractical to charge a fee on these users.

Who should pay?

Whole community	*100%*

Because the community as a whole benefits from our provision of the cycleway network, the fairest and most efficient way to fund this activity is from general rates. Identifying individual users and charging them for their use would not be practical. Charging would also discourage people from using the cycleways, meaning the benefits from their use to the city's social and environmental well-being would be lost.

Our funding targets: operating expenses	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

ACTIVITY 7.1.4: PASSENGER TRANSPORT NETWORK

Support for the city's public transport network is a major commitment for the Council. Our aim is to encourage greater use of the buses and rail, as this would improve energy efficiency and reduce pollution.

Community outcome

This activity contributes towards the following outcome

- *People-centred City* – the passenger transport network provides people with accessible and safe transport choices, from their homes to shops, for work, recreation and pleasure
- *Connected City* – the passenger transport network provides accessible and safe transport choices that connect people with each other and with places locally
- *Eco-city* - the passenger network reflects our commitment to sustainable, safe and efficient transport choices including walking and biking.
- *Dynamic Central City* – the passenger transport network provides for easy and affordable movement to and around the central city, especially by walking.

Who Benefits?

Whole community	*100%*

The whole community benefits from this activity through improved access to public transport and provision of public shelters and transport information. While individual users of public transport receive the most direct benefit, the Council-provided services such as bus shelters are available to all. Encouraging use of public transport has wider community benefits including a cleaner environment and less congested roads.

Who should pay?

Whole community	*35%*
Other	*65%*

While the whole community benefits from this activity, the Council receives income for advertising on bus shelters. This income covers the majority of the cost of providing the Council's passenger transport network services, however this is dependant on advertising demand and revenue.

The funding target has been set in line with current forecasts for advertising revenue.

The Greater Wellington Regional Council also funds projects as a part of its statutory responsibilities for public transport.

Our funding targets: operating expenses	
User charges	0%
Other revenue	65%
Targeted rate	0%
General rate	35%
TOTAL	100%

ACTIVITY 7.1.5: PEDESTRIAN NETWORK

Pedestrian safety is a crucial aspect of the transport network. The Council maintains more than 800 kilometres of footpaths, as well as pedestrian subways, bridges, canopies, seats, bollards and fountains.

Community outcome
This activity contributes towards the following outcome

- *People-centred City* – the pedestrian network provides people with transport choices, from their homes to shops, for work, recreation and pleasure.
- *Connected City* – the pedestrian network provides transport choices that connect people with each other and with places locally.
- *Eco-city* - the pedestrian network reflects our commitment to sustainable, safe and efficient transport choices
- *Dynamic Central City* – the pedestrian network provides for easy and affordable movement to and around the central city.

Who Benefits?

Whole community	*100%*

This work benefits the whole community by ensuring that footpaths and access-ways are safe and well maintained. While it might be argued the individuals who use footpaths are the direct beneficiaries, in practice that includes most residents, visitors to the city and therefore businesses. It would not be practical to assess benefits on an individual basis.

Who should pay?

Whole community	*100%*

Since the community as a whole benefits from this work, it is appropriate for general ratepayers to bear the costs. A small amount of user charge income is received from the operators of street-side commercial activities. However, this income is not consistent or predictable and is therefore not included in our targets.

Our funding targets: operating expenses	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

ACTIVITY 7.1.6: NETWORK-WIDE CONTROL AND MANAGEMENT

Traffic flows need to be managed to minimise congestion at busy periods. We run a control system based on over 100 sets of traffic lights, and a dozen closed circuit television camera systems and a central traffic computer system. This activity also covers traffic sign maintenance and road marking maintenance.

Community outcome
This activity contributes towards the following outcome

- *People-centred City* – the network provides people with transport choices, from their homes to shops, for work, recreation and pleasure.
- *Connected City* – the network provides transport choices that connect people with each other and with places locally.
- *Eco-city* - the network reflects our commitment to sustainable, safe and efficient transport choices

Who Benefits?

Whole community	*100%*

Network management is crucial in a modern, efficient vehicle network. The beneficiaries of our work in this area are the whole community. By controlling traffic flows, we make the city's roads safer, more efficient and help reduce travel times.

This work also has benefits for the whole community, as a safe, efficient transport system benefits the economy and is important for public health and social connectedness.

Who should pay?

Whole community	*70%*
User Charges	*15%*
Other	*15%*

The main elements of this activity benefit the whole community. A significant part of these activities are funded by subsidy from the Government New Zealand Transport Agency (NZTA), derived from fuel taxes.

There are also User Charges for individual users of the Transport Network. We are constrained in our ability to recover total costs from all individuals particularly when the whole community benefits from

these activities on the network. In these cases the fairest and most efficient way to fund these activities is from general rates.

Our funding targets	
User charges	0%
Other revenue	25%
Targeted rate	0%
General rate	75%
TOTAL	100%

ACTIVITY 7.1.7: ROAD SAFETY

We make ongoing improvements to the safety of our road network. This work involves a wide range of measures including improving lighting, widening footpaths, installing 'traffic calming' measures such as speed humps, and installing barriers and handrails to protect pedestrians.

Community outcome
This activity contributes towards the following outcome

- *People-centred City* – the network provides people with transport choices that are safe and accessible from their homes to shops, for work, recreation and pleasure.

Who Benefits?

Whole community	*100%*

This work helps reduce accidents and ensures the transport network is safe. The benefits are felt by the whole community, including all road users, pedestrians, cyclists and all others who benefit from the city having a safe, efficient transport network.

Who should pay?

Whole community	*70%*
Other	*30%*

A significant part of our costs for this activity are covered by a subsidy from the Government roading funding agency NZTA, which passes on funding from the fuel taxes it gathers. We also receive some income in relation to this activity from the Land Transport Safety Authority. Of the remaining costs, as the community as a whole benefits from a safe vehicle network, the fairest and most efficient way to fund this activity is from general rates.

The amount of the NZTA subsidy varies from year to year depending on the scheduled asset management plan works and changes to the works programme based on reprioritisation.

Our funding targets	
User charges	0%
Other revenue	30%
Targeted rate	0%
General rate	70%
TOTAL	100%

7.2 Parking

ACTIVITY 7.2.1: PARKING

The Council provides short-term, metered roadside car parks in the city centre. We aim to have a high turnover of these parks. We also operate coupon and resident parking in areas to give city dwellers on the fringe of the central business district some relief from the daily influx of commuters.

Community outcome

This activity contributes towards the following outcome

- *People-centred City* – central city car and motorbike parking is important for shoppers, people working in the city, visitors to the city, and people coming in to the city for recreational activities. It is also necessary to allow for goods to be picked up and delivered throughout the city. The provision of car parking helps make Wellington a liveable, prosperous city.

Who Benefits?

Individuals	*75%*
Whole community	*25%*

The direct beneficiaries of the Council's parking services are clearly those people who use car parks. These benefits are private and exclusive. Two people cannot use the same car park at the same time and it is appropriate to charge people for using car parks. The Council's parking services operate in competition with other private sector providers.

It might also be argued that retailers benefit directly from the Council's provision of car parks. However, there is no practical way of assessing whether people are using car parks to go shopping or for other purposes such as recreation.

The community as a whole also receives benefits from the Council's parking activities. On-street car parking is time limited to encourage a high turnover of parks, as this helps bring people into the city and benefits the commercial sector. All ratepayers benefit from the income derived from this activity, as it offsets the cost of providing the vehicle network.

Who should pay?

Individuals	*100%*

Since the principal benefit from the Council's parking services is to identifiable individuals it is appropriate for them to bear the costs through user charges.

While it might be argued general ratepayers should meet 25 percent of the costs, reflecting the benefit to the community as a whole, this would be inappropriate for a number of reasons. First, the level of demand for car parks suggests people using them believe they represent good value. As the principal benefit is to these individuals, it is appropriate to set user charges at a level the market will accept. Second, the Council's parking services operate in competition with private car park operators and setting lower fees would unfairly disadvantage those operators and potentially reduce the supply of off-street parking in the city. Third, the individuals using car parking spaces also benefit through being able to use

ratepayer-funded roads and footpaths, and their contribution through parking fees offsets the cost of providing these services.

This activity recovers significantly more revenue, through enforcement and meter charges than the operating costs. The Council believes this is appropriate as it supports our transport and retail policies. These policies aim to improve access to on-street parking and increase turnover of parking.

Our funding targets: operating expenses	
User charges	100%
Other revenue	0%
Targeted rate	0%
General rate	0%
TOTAL	100%