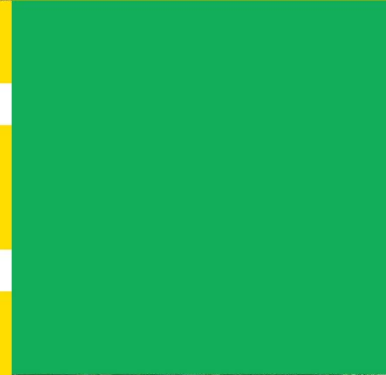
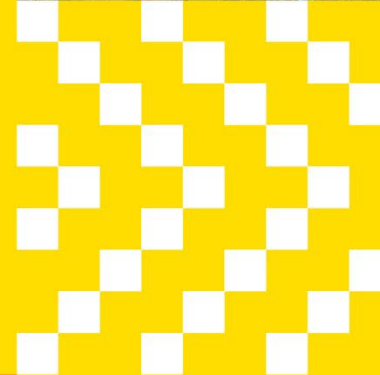


Tō mātou mahere ngahuru tau Our 10-year Plan

2024-34 Long-term Plan Volume 3 Amended - Financial Strategy and Infrastructure Strategy



Absolutely Positively
Wellington City Council
Me Heke Ki Pōneke

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wcc.nz/ltp2024)

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Rautaki tūāhanga

Infrastructure Strategy

Kei tēnei wāhanga

Kei tēnei wāhanga nei, ko ngā taipitopito whānui mō tō mātou Rautaki Tūāhanga, tērā e noho ana hei tūāpapa ki tō mātou mahere ngahuru tau. Ka whai wāhi ki tēnei, ko ngā mōhiohio mō tōna whakatinanatanga, me te wāhi ki a ia i te kauneketanga o te tutuki haere i ā mātou whāinga mō te tāone

In this section

This section includes the full details of our Infrastructure Strategy that underpins our Long-term Plan. This includes how we will apply it and see progress towards achieving our goals for the city.



Long-term Plan Amendment changes

The Infrastructure Strategy has been updated because of the 2024-34 Long-term Plan amendment process.

This was triggered by a Council decision to begin a process to remove the sale of the Wellington International Airport Ltd shares from the plan. Therefore, requiring a change to how the Council addresses its two key financial risks.

A review of the Council's capital programme was undertaken as part of two alternative options for addressing the Council's two key financial risks. These options, where possible, including the Council's preferred option, are reflected in changes to the Infrastructure Strategy.

Capital programme changes

A review of the Council's capital programme was undertaken as part of two options for addressing the Council's two key financial risks.

The decisions made about the capital programme by the Council are reflected in this amended Infrastructure Strategy and other underlying LTP information.

Decisions about the capital programme review have not resulted in a material impact for any Levels of Service, and therefore these have not been amended in this Infrastructure Strategy. The proposed changes largely relate to planned upgrades.

National Land Transport Plan

National Land Transport Plan funding allocated to the Council for 2024 to 2027 was lower than assumed in the 2024-34 LTP. This has resulted in a shortfall of revenue of approximately \$68m over years 1-3 of the 2024-34 LTP. The capital programme decisions resulted in savings in many of the same areas that received a reduction in funding. See page 9 and from page 59 for more information.

Water reform

We have amended this Infrastructure Strategy to address Council's response to the Government's Local Water Done Well reforms. Council has confirmed a Wellington regional multi council water Council-Controlled Organisation as the future service delivery model. This option was the preferred option for consultation and received strong community support as the preferred delivery model. The final delivery model will be subject to decisions made by other councils in the region,

all of which are expected to be confirmed by 30 June 2025.

This means there is some degree of uncertainty on the ownership and maintenance of water infrastructure. As a result, we have amended this Infrastructure Strategy to reflect the preferred option (i.e. a regional Council-controlled Organisation from 1 July 2026). We anticipate further changes to the Infrastructure Strategy will be required following transfer of water assets for 1 July 2026. However, until that occurs, the Infrastructure Strategy remains valid.

Decisions taken as part of the 2025/26 Annual Plan include an increase in funding for 2025/26 to continue the increased investment in addressing three-water infrastructure challenges. These changes are reflected in the Infrastructure Strategy where appropriate.

Introduction

A city's infrastructure is crucial for residents to thrive and is often taken for granted. Poor infrastructure can have significant negative consequences, affecting environmental outcomes, public health and safety, and community and business confidence.

Local authorities play a key role in creating, regulating, and using infrastructure to deliver services to the community. About 40% of New Zealand infrastructure is managed by local governments, supporting various aspects of wellbeing.

Well-maintained infrastructure in the right location with sufficient capacity and resilience is integral to the economic prosperity and social wellbeing of Wellington's residents. The provision of fit-for-purpose infrastructure needs good asset management practices and integrated strategic thinking towards a long-term view of our infrastructure needs.

However, reliable and future-focused infrastructure is expensive, requiring prioritised and protected funding for

renewals, replacements, and growth. This investment must be affordable, have intergenerational benefits and meet the Council's other investment priorities.

The provision and maintenance of the city's infrastructure requires good asset information, good asset management practices and strategic thinking. The Infrastructure Strategy, informed by the city's vision and outcomes, plays a role in the Council's long-term planning, and is required for a period of at least 30 years to inform the Long-term Plan (LTP). The strategy aligns with strategies and asset management plans and sits alongside the Financial Strategy.

In addition, the development of this strategy and future decision making is informed by the advice of the 2023 Citizens Assembly Pilot. Relevant recommendations of the Assembly are that:

- The Council reviews its capital expenditure programme by prioritising spend and spreading capital expenditure over a longer period based on availability of funds.

- Within funding constraints, the Council prioritises:
 - Looking after the assets we've got before building or acquiring new.
 - The most cost-effective way to look after their existing assets.
- When the Council is repurposing Council buildings and land in urban areas that they prioritise green space where suitable and practical.
- The Council prioritises and advocates for infrastructure development that supports medium to high density housing.

Purpose of the Infrastructure Strategy

The Infrastructure Strategy sets the scene for the Council's decisions relating to the city's infrastructure over the next 30 years.

It is a statement of current assumptions and thinking on what is required to address the major challenges and issues facing the city, what to prioritise. It also identifies risks associated with infrastructure underinvestment.

The strategy defines:

- The nature of the challenges we face.
- Our approach and options for dealing with those challenges and the associated implications.
- How we intend to manage those challenges and implications to meet the needs of current and future generations.

While the strategy provides an indicative estimate of future infrastructure needs, it is not a budget and by itself does not commit Council to any future project, cost, or timing.

He toka tū moana, ara
he toa rongonui

Strong like a rock in the
rapids

Scope of the Strategy

Infrastructure is the hardware that enables the delivery of the Council's services and provides for amenity. The Council manages a substantial portfolio of infrastructure assets for the city valued at approximately \$10 billion. Approximately two-thirds of these are core horizontal infrastructure assets for the provision of three waters services and transport.

This strategy outlines the Council's approach to managing and investing in the city's infrastructure including what will be required, when, and how much it will cost.

It covers the following infrastructure types:

- Water supply
- Sewerage and the treatment and disposal of sewage
- Stormwater drainage
- Buildings - including civic buildings, venues and social housing
- Land Transport - roads, footpaths, streetlights etc
- Waste - landfill
- Parks and Open Spaces
- Community and Recreational Facilities

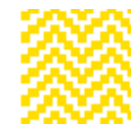
We have achieved a lot since the last strategy. The Council has undertaken a programme of work to help make more informed strategic decisions about our infrastructure and investment in our city's future. This includes gaining better knowledge of our infrastructure and the costs associated with achieving the city's growth ambitions set out in the Spatial Plan.

We have achieved the following:

- Significant improvements to our asset management approach.
- Asset Management Plans now underpinned by high quality data, including for vertical infrastructure where data has been gathered from surveying 372 Council buildings.
- Well-developed renewal plans for most classes of assets.
- Three Waters Growth Studies to help understand the level of investment needed to support remediation and growth.
- Adopted a community facilities plan (Te Awe Māpara) to help guide the Council's provision and decision-making about community facilities for the next 30 years.
- Adopted Pōneke Pōneke the bike network plan and delivery programme.
- Developed the Te Ngākau Framework to guide decision making for the civic precinct.
- Developed and adopted a Green Network Plan to guide the greening of the central city over the next 30 years.
- Adopted a new open space and recreation strategy- Te Whai Oranga Pōneke, providing an overarching framework and strategic direction to manage public open space and recreation programmes and services over the next 30 years.
- Completed an open spaces provision assessment and developed a 30-year investment plan.
- Initiated a project to develop a federated asset database of all underground assets - refer to Projects - Wellington Underground Asset Map - Wellington City Council assets.
- Undertaken a housing and building assessment to better understand actual housing and business demand.
- Developed an integrated transport/urban development plan which is a key climate change mitigation response.
- Notified a new Proposed District Plan to regulate the city's built environment and open space.

- Started Climate Adaptation Planning for the city.
- Started Task Force Climate Related Financial Disclosures work to better understand the financial risks associated with climate change for the city.

A number of these workstreams have allowed us to obtain and develop better baseline data which will help to guide prudent, timely investment decisions and to strategically manage our infrastructure and community assets. However, there is still some work to complete to help the Council obtain a better picture, namely in the areas of climate adaptation planning and the financial risks associated with climate change for the city. For further information see Challenge 3: Mitigation and adaptation to climate change on page 16.



Horopaki o te Rautaki Strategic Context

Our infrastructure supports our wellbeing

Wellington city is both the capital of New Zealand and the heart of the Greater Wellington region. The strength of the city's economy is vital to the economic wellbeing of the region and to New Zealand as a whole. Wellington attracts a diverse range of people and is home to 216,200 residents. By 2034 our city is projected to grow to 230,000 and 270,000 residents by 2054.

The mix of city and natural environment is unique and highly valued by the community. We have 4,305 hectares of parks, reserves, and beaches to enjoy along with 387km of recreational walking and mountain bike tracks. These assets are significant contributors to quality

of life, and a key reason people choose to live and work in Wellington. In 2021, Wellington city ranked number one in the world for environmental security, due to our extensive investment over the past 30 years in biodiversity regeneration and pest eradication. This ranking also considers how the city has incorporated sustainability in its urban planning to reduce carbon emissions and manage climate risks.

Wellington is well known for its strong arts and culture scene. The performance venues, galleries and museums provide the opportunities for cultural expression, strengthening our identities, participating in, and sharing our creativity. They are the infrastructure for acknowledging, experiencing, and participating in culture and creativity of our past, present and future and underpin the creative economy which distinguishes Wellington from other New Zealand cities.

We have also made a strong commitment to Te Tiriti and mana whenua through our Tā kai Here partnership agreement and Tūpiki Ora Māori Wellbeing Strategy. These

are relatively new mechanisms and aim to achieve strengthening partnerships across infrastructure priorities, incorporating te ao Māori into infrastructure design, planning, and delivery, and unlocking the potential for Māori success through infrastructure.

Wellington's social and economic wellbeing stands on the foundations of transport and three waters infrastructure that enable us all to connect between home, work, and leisure activities. The buildings, public and green spaces that stand on these are essential for enabling the activities that deliver a high quality of life and economic activity. These infrastructures are facing the challenges of serving a growing city that expects higher environmental standards and resilience whilst addressing stresses resulting from past events such as earthquakes and pandemics, funding decisions and uncertainty stemming from ongoing legislative reform.

Climate change will also have a more noticeable impact on the future form and function of our city as we are a harbour city surrounded by water. A

substantial percentage of our central city sits on reclaimed land and there are already issues with seawater infiltration on underground assets network. As the city has expanded, we have constructed over natural paths where water would naturally flow and reduced the ability of the ground to absorb water. This affects our ability to efficiently drain rainwater.

Dealing with the impacts of climate change is a big challenge for Wellington's infrastructure. In the past 20 years, there has been a growing focus on creating sustainable infrastructure – finding smart ways to meet our infrastructure needs while lowering emissions and handling the risks posed by climate change. As a coastal and harbour city with steep hills that are prone to slips, future adaptation costs are also expected to be material.

The external environment has changed

Covid-19 is now part of our lives and the immediate impacts have passed. However, other world developments such as the war in Ukraine and ongoing supply chain issues has contributed to global inflation and cost of living increases, here and around the world. The experience of Cyclone Gabrielle in Hawkes Bay, Gisborne and Auckland has exacerbated this, and demonstrated the effects of climate change.

This strategy has been developed during a period marked by unprecedented demands on the Council's budget. The heightened cost of living has elevated concerns about the affordability of council services among Wellingtonians. The financial pressures faced by the Council stem from the necessity to maintain existing infrastructure and assets, incurring higher costs in an inflationary climate. This financial commitment extends to investments in aging infrastructure such as three waters and earthquake-prone buildings, as well as funding initiatives that contribute to ensuring a high quality of life for all residents in the future. We are also experiencing a changing insurance market, higher premiums, less cover and are having to take on more risk.

The repercussions of these challenges are evident in their impact on both residents and the Council:

- The costs associated with our services and ongoing projects have surpassed the initially projected figures in our 2021-31 LTP, mainly due to escalating construction costs resulting from inflationary pressure and scarcity of resources. Making additional capital investments in the current market more costly.
- The expense of maintaining the status quo has increased significantly. Looking after existing assets through the requirement to account for depreciation, interest, and insurance, accounted for 49% of our rates revenue for 2022. The upkeep of ageing assets presents a significant financial burden.
- Households and businesses find it increasingly difficult to absorb cost increases.

The economic landscape has rendered the pursuit of fiscal sustainability and the provision of essential services more challenging for both the Council and the community. Furthermore, the current government has plans to reduce central government costs, which may have implications for the potential of seeking financial support from the government.

Outcomes and priorities

As with all activities in the LTP, this strategy draws strategic direction from the outcomes and priorities set for the 2024 LTP. The management, maintenance, renewal, and strategic investment in infrastructure seeks to enable the Council to achieve the community outcomes:

- A welcoming, diverse, and creative city.
- A city of healthy and thriving whānau and communities.
- An innovative business friendly city.
- A liveable and accessible, compact city.
- A city restoring and protecting nature.

There are nine priorities that will also guide investment decision-making:

- Fix our water infrastructure and improve the health of waterways.
- Transform our waste system to enable a circular economy.
- Collaborate with our communities to mitigate and adapt to climate change.
- Transform our transport system to move more people with fewer vehicles.

- Invest in sustainable, connected, and accessible community facilities.
 - Increase access to good, affordable housing to improve the wellbeing of our communities.
 - Revitalise the city and suburbs to support a thriving and resilient economy and support job growth.
 - Celebrate and make visible te ao Māori across our city.
 - Nurture and grow our arts sector.
- We must also embed the strategic approaches in everything we do:
- Integrating te ao Māori.
 - Making our city accessible and inclusive for all.
 - Embedding climate action.
 - Engaging our community.
 - Value for money and effective delivery.

Operating within an uncertain legislative and regulatory environment

There are many external factors that impact how we plan, manage, deliver, and operate our infrastructure. Although many of these are beyond the control of the Council, it is important that we continue to monitor and respond to them to ensure that our infrastructure plans remain fit-for-purpose by responding to emerging issues and taking advantage of new opportunities.

The Council undertakes a scan every three years to provide relevant context and information to assist with the development of the LTP and infrastructure management planning.

The 2017-2023 Government began an extensive legislative programme encompassing three waters, resource management, local government, and climate change. The election in 2023 has resulted in a coalition government that has committed to the repeal and subsequent reform of this programme. This impacts the Council's roles as a funder, provider,

regulator, and planner of infrastructure.

These uncertainties are summarised below:

- **Three waters reform** – The coalition government has repealed the three waters legislation passed by the previous government. The new government is implementing its Local Water Done Well reform. It requires all councils to prepare a Water Services Delivery Plan (WSDP) to submit to the Department of Internal Affairs by 3 September 2025.
The WSDP must contain information about the current state of water services and assets, as well as the proposed future delivery model to ensure water services are financially sustainable by 2028. The Council's agreed delivery model is a regional Council-controlled Organisation. However, this outcome will be subject to decisions to be made by other regional territorial authorities.
- **Resource management reform** – The coalition government has repealed the Spatial Planning Act and Natural and Built Environment Act and have committed to further reform to the Resource Management Act.
- **Transport Policy** – The government has withdrawn national government involvement in Let's Get Wellington Moving. It has also introduced a new Government Policy Statement (GPS) Transport, which has deprioritised public transport, walking and cycling and placed a greater emphasis on Roads of National Significance. The GPS Transport has influenced transport funding decisions under the recent National Land Transport Plan.
- **Infrastructure reform** – The coalition government has established a National Infrastructure Agency to coordinate government funding, connect investors to Aotearoa infrastructure and to improve funding, procurement, and delivery processes.
- **Climate adaptation** – With the repeal of the Resource Management Act and the change in Government there is more uncertainty on how Councils should be adapting to a changing climate.
- **Future for local government review** – The coalition government has indicated city deals and other tools to address funding issues.

For more information

Refer to the 2024-34 LTP Significant Forecasting Assumptions



Ngā pūmāramarama tāpua

Significant Assumptions

The Long-term Plan outlines the Council's planned investment in the city over the next ten years and beyond.

Because not everything can be known about the future, the Council makes assumptions to underpin its Long-term Plan. Examples of assumptions include population growth and interest rates, through to funding sources and government reform of the sector.

These are updated every three years as part of the Long-term Plan process. Refer to the Significant Forecasting Assumptions for the 2024 Long term Plan in Volume 2 from pages 113 to 135 for more detail. They have also been updated as part of the 2024-34 LTP Amendment, see Volume 2 Amended from page 112.

A summary of the Council's Significant Forecasting Assumptions relevant to infrastructure are detailed in this section, and some are also outlined in more detail in the Challenges section of this strategy.

Growth

The long-term population forecast for Wellington City is growth of

between 50,000 to 80,000 over the next 30 years.

Earthquake hazards

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

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

Climate change

Climate change will have physical impacts for the Council (damage to assets and disruption of services) with cascading impacts in the social

and economic domains, in line with Ministry for the Environment's global emissions scenarios as informed by the Intergovernmental Panel on Climate Change (IPCC).

Wellington is projected to experience increased risks of coastal storm surge, an increase in hot days, a rise in annual average temperatures, higher frequency, and magnitude of flooding events, both exacerbated by sea level rise and increased volumes of water during rainfall events.

Asset lifecycle

The asset life of key assets is included in the Significant Forecasting Assumptions document. It is assumed that assets will be replaced at the end of their useful life. It is also assumed that:

- most of the significant assets will continue to be revalued every 3 years.
- assets will be replaced at the end of their useful life.

Layering this assumption with the target to fund renewals at 75% of the unconstrained budget means that we will need to accept some asset failures.

Future choices may be required, where some assets will need to be closed, replaced and/or decommissioned as a result. However, part of the strategy is about ensuring we are strategic and rationale with the assets we own, maintain and build, and this includes being clear that there is a need for the assets.

Other assets cannot be decommissioned, such as for water services, and will need to be repaired to keep operational. It is assumed that a review of the service delivery model and funding model will mitigate this risk over the longer term.

Changes in demand for services

For this 10-year plan we assume that the current demand for Council

services and customer expectations regarding business-as-usual levels of service will not significantly change during the planning period beyond what is specifically planned for and identified in this 10-year plan and supporting documents. As a result, it is assumed that there will be no significant additional impact from level of service changes on asset requirements or operating expenditure.

Changes in levels of service

This Long-term Plan and Infrastructure Strategy includes planned level of service changes for some areas like transport and waste. In other areas investment is strongly focused on managing the demands of growth, improving asset performance to meet existing levels of service (such as water), or returning levels of service to previous levels (such as earthquake strengthening).

Land Transport Funding

National Land Transport Plan funding allocated to the Council for 2024 to 2027 is lower than assumed in the 2024-34 LTP. This has resulted in a shortfall of revenue of approximately \$68m over years 1-3 of the 2024-34 LTP. This means some priorities and outcomes will take longer to achieve than originally envisaged. The capital programme review as part of the Long-term Plan Amendment propose savings in the same areas that

received a reduction in funding. The changes mitigate the lower funding and make additional savings towards increasing our debt headroom.

We assume the Central government funding for Transport renewals and maintenance of 51% for 80% of the programme.

Water reform

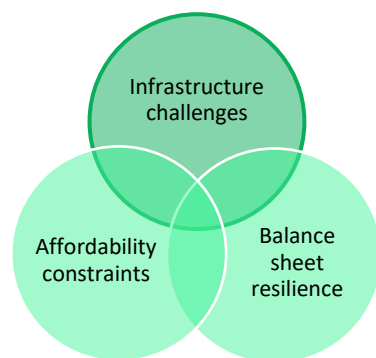
In response to the Local Water Done Well reform, Council has consulted on its model for delivering water services. Following consultation, Council resolved to jointly establish and co-own a new water CCO (regional water service entity) for three waters, together with Upper Hutt City Council, Hutt City Council, Porirua City Council and Greater Wellington Regional Council. Council assumes that from 1 July 2026 water infrastructure will be transferred to a new regional water service entity.

Where possible, this has been reflected in the amended Infrastructure Strategy. This means budgets have been updated to reflect the removal of water activities. However, significant uncertainty remains on the future ownership model of water assets and the role of Wellington City Council in maintaining this infrastructure.

Ngā wero tāpua ki te tūāhanga

Significant Infrastructure Challenges

The focus of this strategy is addressing our infrastructure challenges. These challenges are heavily linked to the financial challenges, which are addressed in the Financial Strategy.



- **Affordability constraints** are challenges both the Council and residents of the city are facing. With higher interest rates, a greater proportion of rates income servicing our increasing debt, and with current high inflation, our money does not stretch as far. For residents, the ability to pay more rates is limited, and the Council's operations will need to find ways to deliver in a constrained funding environment.
- **Balance sheet resilience** addresses the challenges of managing our capital expenditure and investments to support long-term financial sustainability and resilience.

This is a strategy that identifies significant challenges and issues for our infrastructure over the long term, providing signals for where investment or divestment may be needed.

It does not commit us to funding them but helps us to make more strategic decisions. It informs the work programmes that we need to be able to make these big decisions.

Infrastructure challenges are significant infrastructure related problems that need long-term planning – a long lead in time for planning the interventions, several years of investment to deliver, and generally a long tail off period.

We have identified five infrastructure challenges, with several contributing factors:

- 1 Population growth and changing demand**
 - Population growth and ageing demographic profile.
 - Lack of growth capacity in transport and three waters systems.
 - Changing community needs and service use patterns.
- 2 Ageing and declining condition of infrastructure**
 - Some assets have exceeded their useful life.
 - Historical lack of a coordinated, data-based approach to asset management and data maturity resulting in under investment in maintenance and renewals.

3 Mitigation and adaptation to climate change

- Global warming.
- Increased frequency and intensity of extreme weather events.
- Coastal hazards.
- Climate adaptation costs.

4 Earthquake hazards and earthquake prone buildings

- Landslides.
- Earthquakes.
- Earthquake prone buildings.

5 Affordability and deliverability

- Limited funding tools.
- High inflation putting pressure on construction costs.
- Constrained capacity of the construction market to deliver.
- Increasing insurance costs.

Challenge 1: Population growth and changing demand

We need to future-ready our infrastructure to serve our growing and changing population, so that we can foster liveable, safe, low-emission neighbourhoods and travel.

Population growth and ageing demographic profile

Wellington has sustained a steady 1.2% population growth per year from 1998 to 2018. The forecast growth rate going forward is lower at 0.8% per year. This will still result in between 50 to 80 thousand extra people over the next 30 years and require approximately 24,000-31,000 more housing units.

Many infrastructure networks require investment to support this forecast growth. The Council is planning to accommodate the growth of the city predominantly through intensification of existing urban areas and along key public transport corridors as set out in

the Spatial Plan and Proposed District Plan.

This will require new infrastructure including higher capacity public transport corridors to sustain growth, and existing infrastructure to be upgraded.

Forecasts indicate steadily ageing population and smaller households as family sizes continue to decline. The population is seeing an increasing proportion of people in the 55-to-85-year age brackets, and the 20-to-30-year age group.

There is a decreasing proportion of the population in the under 20-year age bracket and the 30 to 50 age group. National population projections from the 2013 disability survey indicated a 45% increase in disabled population to 2038 compared with 31% increase in total population.

The same survey indicated nearly 60% of people over 65 identified as disabled. Changing demographics affects the range of services we need to provide and demands on networks across the city – and long-term changes to household size, more intense and mixed land uses, and accessibility requirements.

Housing and Business Demand

A Housing and Business Needs Assessment (HBA) has recently been completed by the Council. This has been prepared to meet the

monitoring requirements of the National Policy Statement for Urban Development (NPS-UD). It also serves as a chapter of a the wider Wairarapa Wellington-Horowhenua region HBA. The Wellington Regional Leadership Committee (WRLC) will use the regional HBA to support spatial and other planning activities for the region, including the Future Development Strategy (FDS).

This report is a snapshot in time and is regularly reviewed and updated to ensure that it captures the most current information about the market. This most recent report has highlighted:

- We have enough business land to supply the market in the medium term (up to 20 years) but beyond this, redevelopment will need to occur, or the demand will be met elsewhere in the region.
- There is higher demand for business floorspace and land resulting from higher growth over the 2019 assessment period, with an identified demand of 597 hectares, or 691 hectares (NPS adjusted), in the next 30 years.
- Wellington has a requirement for 30,407 dwellings over the next 30 years.
- There are known infrastructure issues across the city. A long-term investment plan is required to resolve this and unlock the development opportunities across

the city. Infrastructure to support growth needs to be prioritised in the Central City, Newtown, Tawa and Johnsonville, where the greatest demand for housing is expected over the medium-long term.

Approximately 60% of the Wellington region's jobs are concentrated in Wellington City with the majority of those located within the city centre which is expected to remain the primary economic hub for the region.

This growth will mean that there will be increased pressure on our water and transport networks due to their existing capacity issues.

Lack of capacity in transport and three-waters systems

In response to the Local Water Done Well reform, Council has consulted on its model for delivering water services. Following consultation, Council resolved to jointly establish and co-own a new water CCO (regional water service entity) for three waters, together with Upper Hutt City Council, Hutt City Council, Porirua City Council and Greater Wellington Regional Council. Council assumes that from 1 July 2026 water infrastructure will be transferred to a new regional water service entity.

The extent to which Wellington City Council will remain responsible for addressing these challenges post 1 July 2026 remains uncertain, while Local Water Done Well Water Reform progresses. Therefore, the Infrastructure Strategy continues to be valid until 30 June 2026.

Three Waters Capacity

The current infrastructure networks are being stressed with existing demand, the age of the assets and changing weather patterns. This is evidenced by the following.

- Significant flooding
- Wet weather wastewater overflows
- Wastewater discharges into freshwater and coastal environments
- Low water supply pressure and insufficient fire flows
- Low water supply storage volumes in reservoirs
- Leaking pipes
- Water supply fragility

This is primarily due to the age and poor condition of our water assets which were designed at a time to service a smaller population, less housing and different weather patterns.

As the city grows, the pressure on our water systems will increase. To handle this growth and meet the required standards, we will need to

invest more in our water networks. This includes meeting higher environmental standards and preparing for climate change. Wellington Water Limited monitors our three waters capacity when resource and subdivision consents and service connection requests come in. They have recently advised the council that in the short-term they will still approve service connections for non-complex and smaller scale developments and that in the medium term (up to 10 years) network deficiencies can sometimes be addressed using onsite mitigation solutions such as on-site detention tanks and pumps.

Recent advice received from Wellington Water Limited through the recent Housing and Building Assessment process and the District Plan Hearing Processes have indicated that we have enough capacity in the short term for our three waters network but will face capacity issues in the medium to long-term.

To accommodate future population growth in Wellington City Council area, there will need to be significant upgrades to 3-water infrastructure, with intervention needed to meet growth in the following way.

- Central City (in Te Aro, Adelaide Rd), Newtown, Johnsonville, Tawa – immediate and significant intervention to meet short term growth forecasts to create

development capacity in the 3-water networks.

- Newlands, Mt Cook, Mt Vic, Hataitai, Aro Valley, Berhampore, Island Bay, Khandallah, Ngaio, Crofton Downs - short term interventions to meet medium-term growth forecasts and create development capacity in the 3-water networks.
- Karori, Kelburn, Brooklyn, Thorndon, Churton Park, Lyall Bay, Kilbirnie, Miramar – medium term intervention to create development capacity in the long term.
- Greenfields – short to medium term structure planning in place to lead long term outlook for future development led by others.

Transport

Due to our topography, we have limited ability to add or widen corridors for our transport network. We also have a limited amount of east west connections across the city as the city has developed in a north south direction. This lack of capacity shows up as congestion on the roads and creates safety issues, especially for vulnerable road users.

To maximise the safety and efficiency of our network, as well as increase the provision of safe convenient and reliable low carbon options, the Council's approach is to reallocate some space away from inefficient

private vehicle traffic lanes and parking to higher capacity public transport and active mode corridors. The bus network plays a critical role of moving people around Wellington City, but on many key corridors' busses share the general traffic lanes and as a result, there are bus infrastructure constraints and pinch points which make it difficult to increase bus capacity and achieve reliable journey times.

To enable a transport system that is fit for the future, we need to continue our work to encourage mode shift. In recent times, this has been delivered by the Council's own Bike Network programme. The Let's Get Wellington Moving (LGWM) programme has been the main mechanism to help deliver on this with the key enabler being the development of a Mass Rapid Transit (MRT) system in the form of light rail from the railway station to Island Bay. The LGWM programme was a partnership with the Regional Council and the New Zealand Transport Agency Waka Kotahi.

This programme and partnership has been disestablished. However, some projects have been moved to the relevant organisation to progress design development and delivery. The Council has assumed responsibility for the Golden Mile Project, the Thorndon Quay Hutt Road Project, some targeted improvements along with an urban revitalisation project in the vicinity of

the Basin Reserve. We will also be developing a reset of the City Streets programme of bus priority measures and bike network development in streets to and through the central city, and in the first three years progressing priority projects including the second spine along parts of the previously considered MRT route.

The government has identified a second Mt Victoria Tunnel and duplicate Terrace tunnel as a Road of National Significance (RoNS) in the GPS Transport. The government expects that the second Mt Victoria tunnel and Terrace duplicate tunnel will reduce gridlock traffic in the Wellington CBD and support economic growth.

The Petone to Grenada Link Road and the Cross Valley Link has also been identified as a RoNS. Once delivered, this project is expected to improve transport network resilience and support greenfield development in the Grenada catchment.

To deliver the necessary changes in our transport system, considerable investment will be required for decades, either through government or some other funding mechanism.

Changing community needs and service use patterns

Infrastructure is intergenerational. Over time, older infrastructure may not deliver a service to the quality and universality that meet the expectations of our community and its needs into the future. Conversely, service usage patterns change over time resulting in lack of utilisation of some assets. Wellingtonians expect high quality and universally accessible services, that are inclusive and support people to thrive.

Community facilities were developed in response to suburb growth and the aspirations of that time. Many community facilities reflect the way we lived then, when suburbs were tightly defined, and travel was more limited than it is today. As a result, the distribution of facilities is uneven and inequitable across the city.

Looking forward, we expect that intensification along key public transport routes will occur and will be primarily delivered through apartment and terraced housing units which means people will be living differently and will interact with our infrastructure differently. For example, apartments have limited personal outdoor living areas, so there will be a greater need for shared outdoor public spaces for connection / recreation within communities. The road network

makes up the largest area of public space in the city, and improvements to urban amenity are needed to improve liveability as part of projects which reconfigure the streetscape.

As our population gets older, there is a risk of more people feeling socially isolated. To tackle this, it is crucial to create more places where people can connect and socialise, which is important for everyone's wellbeing. Additionally, we are aware that staying active is increasingly important, so we should make sure there are enough spaces for exercise.

People's preferences and needs are changing, and we should expect a wider variety of activities in our facilities to meet these evolving needs. These evolving needs include making sure our facilities are easily accessible, to ensure everyone can use them without difficulty. Inclusivity is an aspect of this accessibility, so we should aim to have more facilities that are suitable for all genders, cultural identities, and ages. Addressing these aspects is vital for building a community that is healthy, diverse, and welcoming for everyone.

Challenge 2: Ageing and declining condition of infrastructure

Assets that have exceeded their useful life

Investment in infrastructure tends to be lumpy. Much of the city's infrastructure was built in waves when parts of the city were urbanised. A sizeable portion was built after the Second World War and are approaching end of life over the next 30 years.

The three waters networks have a substantial number of assets that have exceeded their expected useful life, and the network requires significant investment to be fit for purpose. As with many of our assets, our water assets are ageing faster than renewals are occurring. Water loss from the network is at approximately 40% which is well above international benchmarks. In high rainfall events stormwater enters the wastewater network causing overflows which impacts streams, the marine environment, and low-lying habitats.

The average age of our community facilities is 58 years. The older age

contributes to deteriorating condition, increasing maintenance costs, and declining appeal. We have many facilities, and the quality and level of service needs to improve. To afford quality and level of service improvements, we will need to take a strategic portfolio view of what we have and need and making some tough decisions in the coming years.

The number of assets, proportion that are nearing the end of their useful life, and the increasing costs of materials and labour is a significant contributor to rates increases and our ability to replace or upgrade assets. The pure volume of infrastructure needing to be renewed is expensive, without the additional affordability issues in the current operating context.

Historical lack of asset management, data maturity and under investment in asset maintenance and renewals

Since the last LTP we have been working hard to improve our asset management maturity and data to enable our spend programmes to be more proactive rather than reactive. Our understanding of our assets is improving and the information we have on some of our assets is becoming clearer.

The need to invest to maintain our assets is a significant cost that all Council's across New Zealand face, and the investment we make needs to be made at a level that is sustainable to ratepayers. Recent condition assessment of all the Council's vertical infrastructure now provides an opportunity to minimise investment. With this knowledge we can support financial affordability by postponing some maintenance and renewal work on non-critical assets in the short term and increasing renewal spending in the outyears. The organisation will carry some additional risks to its infrastructure in the short term, but these are manageable and whilst there will be some catch up required in the outer years, with continued improvements in our planning and smart investments, we can find solutions to this challenge.

Challenge 3: Mitigation and adaptation to climate change

Global warming

Globally and locally, the community's expectations are to reduce emissions and contribute to the global need to keep global warming below 1.5%. Every city must play their part in this challenge. Our city's infrastructure, including transportation and waste systems, plays a key role in where we live, how we move around, and the industries we support. However, much of this infrastructure was planned and built before we considered the impact on carbon emissions. To reach our goal of a 57% reduction in emissions by 2030 and achieve net-zero carbon by 2050, we must rethink and redesign our infrastructure.

Increased frequency and intensity of extreme weather events

Changes in the climate system are changing the probabilities and patterns of weather events leading to stresses such as prolonged periods of rain and shocks, for example extra-

tropical cyclones. The notable recent example is Cyclone Gabrielle which impacted Northern and Eastern New Zealand in February 2023. Infrastructure is built up over an extended period to designs which anticipate a certain pattern of use and resilience needs. Our infrastructure design needs are changing as more frequent and impactful weather events and the stresses that come from higher sea levels and our changing climate is emerging.

The national, regional, and local infrastructure our communities rely on are exposed to due to climate change impacts. These impacts are already being seen in the city's most vulnerable environments with issues in drainage and more frequent slips. As a steep coastal city with many of our lifelines and other critical assets situated at or near sea level, the functioning of our city depends on adapting and building resilience to climate change.

To understand this risk Council has used the NIWA climate change modelling for the Wellington Region in our assumptions (Appendix 1 - NIWA forecasting assumptions

). These assumptions predict that Wellington will experience rising sea levels, as well as increases in average annual temperatures, annual rainfall, and rainfall intensity, and increases in wind intensity and number of windy days, as well as more drought-like conditions.

As a result of climate change, Wellington is anticipated to experience increased risk from natural hazard events including floods, landslides, storm surge, coastal erosion, and inundation and landslides. These changes could contribute to loss and damage to infrastructure as well as biodiversity losses, environmental harm, and threats to social, cultural, and economic wellbeing.

Council is undertaking a number of activities to better understand the exposure of infrastructure to climate risk to better understand the risks and needs for investment in climate resilience. The planned Climate Change Risk and Vulnerability Assessment will build on the recently completed qualitative climate risk assessment under the Taskforce on Climate-related Financial Disclosures assessment framework. It will be a quantitative impact assessment of climate change on the Council's infrastructure, starting with its most critical assets aimed at identifying the potential financial impacts from physical risks.

Coastal Hazards

Wellington is a city with low lying areas along the coast and steep hills surrounding them. The primary climate impacts revolve around flooding, coastal erosion, and coastal inundation due to rising sea levels. Some areas, including parts of the

city centre, are projected to be below high tide levels by the end of the century. While hardened shorelines may reduce risks to infrastructure, coastal and intertidal ecosystems and species in developed areas face increased risks due to habitat compression, potentially leading to biodiversity loss. Rockfalls, slips, and landslides are expected to escalate with extreme rainfall events, posing cascading impacts on social and economic well-being.

The city has areas close to sea level, and during high tides, the sea can block the drainage systems. In some low-lying areas, water can get trapped, especially during high tide. As sea levels rise, this trapping of water is expected to last longer, causing more instances of flooding even on dry days. This can make it harder for the drainage systems to cope with rain, leading to more flooding in the city. Rising sea levels and more intense rainfall due to climate change make these flooding risks worse over time.

The coastline of Wellington has been developed with various infrastructure like seawalls, sewers, and transportation networks. Various parts of the coastline face different challenges. In the inner harbour, there are concerns about the age and condition of seawalls protecting pipes and streets. If these walls fail, it can affect transportation, pipelines, and may release pollutants into the

harbour. On the more exposed and active south coast, erosion and storm events can damage both infrastructure and property.

Wellington's coastal layout makes it susceptible to flooding and erosion. Climate change worsens these risks by increasing sea levels and intensifying rainfall, making it important to address these challenges to protect or adapt the city and its infrastructure.

Climate Adaptation Costs

The recent report from the Intergovernmental Panel on Climate Change emphasizes the growing complexity and challenges of managing climate change impacts and risks. To protect our city, we recognise the need for strategic planning and investment in both physical changes and adaptive measures.

Climate change is already affecting New Zealand, impacting its natural environment, economy, and communities. Without proactive adaptation, further climate-related changes are expected to significantly impact our infrastructure. Recent weather events underscore the exposure of Wellington's infrastructure to various climate-related impacts, such as extreme weather events, sea level rise,

flooding, coastal inundation, erosion, landslides, and rising temperatures.

Future costs to the Council for making infrastructure more resilient will be material. Wellington's coastal zone is at risk from ongoing sea-level rise and extreme storm tide events. Considerable areas of built-up areas, as well as important transport infrastructure, are exposed to rising seas. At present sea levels, 4084 buildings and 36.2 kms of roads in the Wellington region are exposed to a 1% annual exceedance probability storm-tide event, which rises to 14,336 buildings and 173 kms of roads under 1 metre of sea-level rise and 21,755 buildings and 319 km of roads under 2 metres of sea-level rise.

More community engagement regarding climate adaptation is planned over the next six years with Wellington's coastal communities, and further work will also be undertaken to understand the cost implications on the Council's own infrastructure networks.

It is crucial to note that current global estimates indicate that the cost of not taking action to address climate issues is seven times higher than the cost of safeguarding our current and future infrastructure. Recognising this fact, we must find innovative ways to fund climate resilient infrastructure.

Challenge 4: Earthquake hazards and earthquake prone buildings

Wellington faces a double threat from both earthquakes and the effects of climate change. The city is built on shaky ground due to its location on an active tectonic boundary, and climate change makes things worse by causing land to sink and saturating the soil in low-lying areas. This combination increases the likelihood and severity of natural disasters in the city.

Landslides

One big concern is landslides. Wellington's hilly terrain has a lot of rocky areas, especially where the city has cut into hillsides for roads and infrastructure. To deal with this, the city has built retaining walls and used other methods to stabilise the land. Landslides occur when the soils are soaked and can no longer hold additional water and self-support the land, causing significant disruption to transportation routes and pipelines. Extreme weather events over recent times have resulted in large number of slips on unsupported land, some of which have been significant, across the city.

Earthquakes

Another major risk is earthquakes. Wellington is more at risk of earthquakes compared to other cities in New Zealand. The dangers come from liquefaction (when the ground turns into a liquid-like state) and ground shaking. To address these risks, the city has set higher standards for building design, established civil defence systems, and uses digital measures to keep important infrastructure data safe outside the city. Resilience to earthquakes also involves making sure key services remain accessible and safe.

Because Wellington is a hilly city with many bridges and retaining walls, and limited access points, it is crucial to make these critical links resilient. This means ensuring they can withstand the impact of earthquakes and other natural disasters, so people can continue to access essential services and stay safe.

Earthquake prone buildings

In November 2016, we experienced a moderate earthquake that tested our city. It responded well, but there is more work to do to improve the city's resilience. To be a seismically resilient city, much of our infrastructure needs to be remediated, particularly buildings and facilities. Seismic resilience is also about ensuring

safety and access to life supporting services.

Shifting central government guidelines has meant that buildings that were once up to code, over time no longer meet the required standards. Most recently, the Earthquake-prone Buildings Amendment Act 2016 introduced major changes to the way earthquake-prone buildings are identified and managed under the Building Act.

Many of the Council's buildings are not earthquake-prone, but some are, and require remediation. This includes a number of key public use buildings such as the Town Hall, the Central Library, Te Ngākau Basement, the Opera House, the Michael Fowler Centre, the Bond Store, as well as community facilities such as pools, libraries, community centres and recreation centres.

Challenge 5: Affordability and deliverability

Funding Tools

Local Government in New Zealand has a narrow range of funding tools available for funding infrastructure investments than other local government authorities around the world. Specialist tools that are available to Local Government such as Development Contributions or Financial Contributions are more easily deployed in greenfield (undeveloped land) developments rather than through brownfield developments.

A recalibration of the Council's approach and policies is essential for the 2024 Long Term Plan (LTP) to better capture growth requirements so that costs for growth can be recouped by those that generate the demand. Properly identifying growth as a component in our renewals program is crucial for adequately funding growth projects and avoiding difficulties in delivering them. This will be part of our improvement programme to better capture growth for development contributions in the 2027 LTP.

The wider systemic issues of Local Government funding remains a key

issue. Local Government is continuing conversations with central government to address this for the future.

High inflation putting pressure on construction costs

The costs associated with maintaining, operating, renewing, and upgrading infrastructure are substantial and have been increasing materially since the Covid-19 pandemic. This increase has been significantly more than the Consumer Price Index (CPI) that most households face.

Funding tools are limited, and while the Infrastructure Funding and Financing Act (IFF) provides an 'off balance sheet' solution whereby our debt to revenue ratio limit is not impacted by additional investment, the costs still fall to the community who themselves have affordability issues, particularly in this cost-of-living crisis. A greater range of funding tools has been a perennial request from the local government sector to central government to deal with this challenge. The Future for Local Government report has identified this as a priority area for central government to look at.

Constrained capacity of the market to deliver

Despite an increased capital programme, the market's capacity to deliver remains a concern. In recent years, the Council increased the capital programme, but deliverability has averaged 70-80 percent. In 2022, Civil Contractors New Zealand reported that the civil construction industry face major challenges including greater certainty for future projects, attracting, and retaining skilled people, cost escalations, and supply chain issues.

The impact of extreme weather events such as Cyclone Gabrielle have compounded the scarcity of construction resource, and costs are expected to be further impacted by low supply as workers are required to address the East Coast rebuild. Planning for a better long-term pipeline of expected infrastructure work will help the market to build capacity to deliver over time. Phasing of the capital programme to align it with our financial constraints provides a more sustainable and steady pipeline of work.

Regarding buildings, potential capacity pressure will occur as private building owners seek contractors for remediation of their earthquake-prone buildings. There are 571 earthquake prone buildings in the city, with many needing to be completed between 2027 and 2030.

This number continues to change as requirements change and investigations are undertaken. The high concentration of strengthening needs in a short period of time places pressure on the construction sector and increases costs to building owners including ourselves. Key parts of the City Centre will become extended worksites and will need to be managed to ensure suitable access for residents and business. This disruption will also impact the vibrancy of the inner city.

Increasing insurance costs

The heightened exposure our city has to earthquake and climate related risk has led to steep increases in insurance costs, and the availability of cover has reduced. More broadly, due to the increasing frequency of extreme weather events here and overseas, the insurance sector is increasingly placing the costs where the risks lie, and this means the cost of insurance will continue to increase and the availability of cover will continue to reduce over time.

Public entities in Wellington and Christchurch currently pay higher premiums than other parts of the country due to the elevated risks of earthquake occurrence and future volatilities relating to climate change. While we have increased our fees and rates to accommodate some of this increase, we have also developed a

risk and insurance strategy, considering limitations imposed by the insurance market and the natural hazards specific to the city. The strategy justifies the Council accepting an increased level of risk by no longer insuring our assets to the same level of cover as we have done in past years. The Council is also working on an insurance roadmap which outlines the work program for getting to the best risk position possible given the constraints from the insurance market and the natural hazard risks that impact the city.

We have insurance for natural hazard-related events on most of our infrastructure. Our assets are insured on a probable maximum loss basis for a 1-in-a-1000-year event. This means that we do not insure at a level to replace 100 percent of our assets, as there is a low level of risk that all assets would simultaneously be affected by a hazard event. We also have a self-insurance fund for below-excess claims.

When we are considering the level of acceptable debt relative to our limits, we are now careful to factor in a level of debt headroom needed for uninsured assets in the case of a significant hazard event. This elevated level of risk prompts a need for efficient management of infrastructure. Refer also to the Council's financial strategy.

Te urupare i ngā wero

Responding to the challenges

Solutions to these challenges are not simple. There is also a better outcome if we think holistically.

The following diagram illustrates the relationship between the challenges and the high-level responses.

As per the Challenges section, issues with water services are not our only challenge. Earthquake damaged and prone buildings are a significant challenge that are also extremely costly to remedy.

In line with our Financial Strategy, we're balancing the books and making trade-offs across all of the Council's asset portfolios. Addressing the water services challenges is a critical quality of life and health and safety concern. It has implications for our city's ability to live, work and play.

While addressing seismic issues of our buildings also has health and safety and economic impacts, we can delay some of this work and take stock of what we have and make strategic decisions about what we need before investing further.

Key Challenges \ Principal Options	Prioritising growth areas	Targeting emissions reductions to the greatest gains and operational efficiency	Grow our understanding of adaptation impacts and costs	Strategic rationalisation to better manage the overall asset portfolios	Prioritising interventions and the work programme for affordability
1. Population growth and changing demand	✓			✓	✓
2. Aging and declining condition of infrastructure				✓	✓
3. Mitigation and adaptation to climate change		✓	✓	✓	
4. Earthquake hazards and earthquake prone buildings			✓	✓	✓
5. Affordability and deliverability	✓			✓	✓

Figure 1: Relationship between challenges and principal options

Prioritising growth areas

Wellington’s growth relies on investment in infrastructure that adapts to the changing population needs, location and expectations. Our guiding document is the Spatial Plan – Our City Tomorrow, adopted by the Council in 2021, which sets out an action plan for where and how Wellington City should grow and develop over the next 30 years.

It projects a population increase of between 50,000 - 80,000 for Wellington City - requiring 24,000-31,000 more residential dwellings over the 30-year period. Most of this growth will occur by intensifying existing urban areas and along key public transport routes.

The key challenge lies in phasing investment to support growth and a well-functioning urban form. The Spatial Plan recognises the need to coordinate land use planning and infrastructure provision to deliver good cost-effective and affordable growth outcomes.

It also recognises the substantial scale of infrastructure investment required to address current network issues and support growth. The spatial plan identifies priorities over the next 10-20-30 years for major

infrastructure investment focus to unlock the capacity of growth areas for new development. Tawa, Johnsonville, Central City (including Te Aro and Adelaide Road) and Newtown were identified as priority growth areas over the short to medium term (within the next 10 years) because:

- They are captured by National Policy Statement on Urban Development intensification requirements.
- The areas could make a significant contribution to growth enablement and housing capacity.
- They have strong existing public transport, other services, and amenities, especially for three waters and transport.

The remaining investment to support growth can be made in this order however this can be flexible subject to where the demand is for growth, as per the chart below, subject to any upzoning decisions that may be made through the District Plan.

This approach guides decisions, even in our renewals programme, ensuring targeted investment aligned with our strategic city goals. Growth studies in our priority growth areas have allowed us to quantify the cost of growth, primarily in our three waters network.

This LTP is focused on making the existing water network more

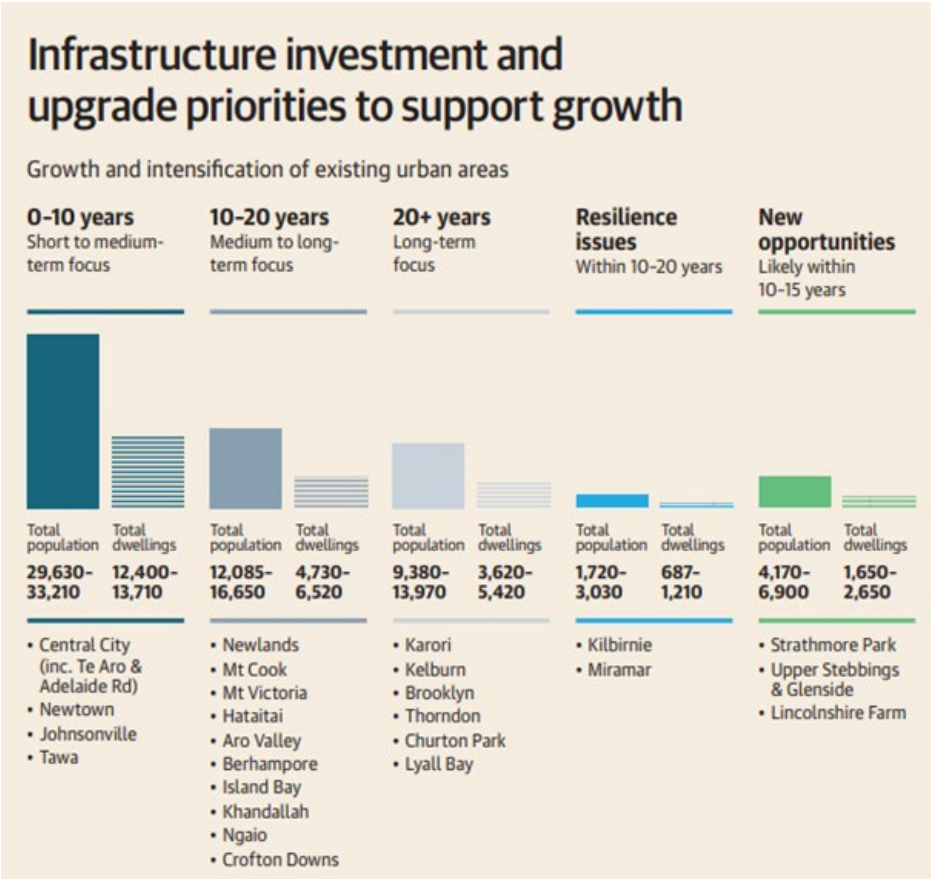


Figure 2: Housing growth priority areas

resilient. Growth will be a small component of renewals in delivering that resilience. More detailed growth planning in our priority growth areas will commence next Financial Year. This will produce more specific projects that will begin to appear in the next LTP to strengthen our three waters networks and enable growth.

Climate change response

Our approach to climate change involves not only addressing resilience challenges but also making strategic investments in infrastructure to reduce emissions. The impact of climate change is already evident in our transport network, where stormwater management plays a crucial role in our response. A key focus is on the transport system, as it is the primary contributor to our city's emissions, presenting a significant opportunity for emissions reduction and contributing to global efforts to limit warming.

Recognising the complexity of factors such as market capacity, funding constraints, and emission reduction requirements, we are committed to a strategic approach to renewals and infrastructure investment. Our goal is to be efficient and effective in finding low-carbon solutions that enhance resilience. Not only are these solutions environmentally friendly, but they are also cost-effective.

To achieve this, we are using tools like Lifecycle Assessment (LCA) and strategic impact assessments. These tools help us better understand and manage the climate-related aspects

of our projects. The goal is to make sure that these sustainable infrastructure principles and tools are consistently applied across all council projects. This way, our decision-making processes for infrastructure development will be consistent and in line with our commitment to sustainability. To achieve this, we continue to improve our infrastructure planning and delivery in a collaborative and coordinated way across multiple disciplines including transport, housing, and water. We are aiming for an integrated, reliable network, emphasising green infrastructure to address natural hazards.

We have identified two pathways for addressing the challenges of adapting to and mitigating climate change.

- Targeting emissions reductions to achieve the greatest gains and operational efficiencies.
- Growing our understanding of climate adaptation impacts and costs.

The rationale for these options are outlined below.

Targeting emissions reductions for the greatest gains and operational efficiency

In 2019, Wellington City Council declared a climate and ecological emergency, leading to the adoption of Te Atakura – First to Zero as our climate action strategy. Te Atakura focuses on three main objectives:

- Reducing the city's emissions to net zero by 2050, with substantial cuts before 2030.
- Achieving net-zero emissions for the Council itself by 2050.
- Enhancing Wellington's overall resilience.

Our city's target is a 57% reduction in 2020 emissions by 2030, reflecting the urgency of action. The Council is also aiming for a 57% reduction in its own emissions by 2030 and net-zero emissions by 2050.

Considerable progress has been made, with a 10% reduction in city emissions since 2020 and a 44% reduction in the Council's emissions since the 2021 financial year.

The Council's Emission Reduction Plan (ERP) focuses on decarbonising assets through electrification, efficient landfill management, removal of fossil gas from buildings, and transitioning the vehicle fleet to electric alternatives. These actions

are not just present-day investments but contributions to a sustainable future.

In trying to achieve these objectives the principal options are:

- Complete the lowest cost actions first.
- Focus on a few targeted actions that will achieve the greatest impact and operational cost efficiency.

While progress is underway, additional substantial emissions reductions are crucial to staying well below a 1.5 degree warming scenario. Immediate cuts are more impactful, emphasizing the urgency of our efforts.

Reducing emissions at the organisational, city, national, and global levels is essential to prevent a world where the impacts of climate change outpace our adaptive capabilities, particularly beyond 1.5 degrees of warming.

The Council acknowledges the significance of its emissions, particularly from landfills and certain facilities, and is actively working towards addressing these challenges, electrifying its fleet, and exploring alternatives for gas-heated pools. Degasification of the pools will contribute significantly to the emissions reductions target.

In many cases investments in these climate mitigation measures will result in reduced operational costs as well. Our commitment remains firm – to reduce emissions for a sustainable and resilient future.

Grow our understanding of climate impacts and adaptation costs

Natural hazards already pose risks to our infrastructure, and climate change is expected to amplify the frequency and intensity of these events across the city. The physical risks from climate change may not only affect existing infrastructure in the next 30 years but are likely to increase over the longer term.

Due to the lifespan of carbon emissions in the atmosphere, many changes are irreversible. Therefore, it is important to support the city to adapt to the impacts of climate change, due to the long lifetime of infrastructure and assets (50 years or more), high upfront costs and limited flexibility. Understanding climate risks and embedding resilience from the outset is critical to ensuring assets meet their objectives in terms of serviceability, financial return and social outcomes.

We base our planning for climate change on modelling by NIWA for the Wellington Region, which predicts rising sea levels, increased average annual temperatures, rainfall, rainfall intensity, wind intensity, windy days, and drought-like conditions. This anticipates heightened risks from

floods, landslides, storm surge, coastal erosion, and inundation, potentially causing loss and damage to infrastructure, biodiversity, and threatening social, cultural, and economic well-being.

While work is underway to better understand our climate change risk exposure, we do not currently have a complete understanding of the asset-level risks and options for adapting our infrastructure to climate change. Therefore, our principal option is to focus on gaining a systematic quantitative understanding of the localised impacts and developing adaptation plans anticipated in the next 30-100 years. Council has undertaken the first step having recently completed the 2023 Climate Risk Assessment Report (risk screening and qualitative

assessment) and has led the development of the Wellington Regional Climate Change Impact Assessment.

These reports indicate that our climate change risk profile highlights that Wellington is likely to face increased exposure to various impacts, including coastal inundation affecting water, drainage, waste assets, Council buildings, parks, reserves, and road assets, especially those in low-lying areas.

We are conducting a climate risk assessment of critical public infrastructure in Wellington and developing an adaptation plan for Council-owned assets, enabling us to plan for climate adaptation costs alongside future asset renewal cycles. It is crucial to acknowledge that adaptation costs will rise

WCC's climate risk profile across its three risk areas, over time and under each scenario



significantly over time, particularly if emission reduction targets are not met. Our commitment is to adapt and evolve, ensuring the resilience of Wellington in the face of a changing climate.

To increase the climate resilience of our assets and infrastructure we will (a) reduce the vulnerability of existing assets and (b) ensure new infrastructure is fit for a changing climate by embedding climate change adaptation and resilience into our future planning by:

- **2024** - develop a climate adaptation framework to embed climate risk management and adaptation planning into Council's new asset and infrastructure management framework and processes.
- **2025** - undertake quantitative climate risk assessments for Council's assets; and develop processes, guidelines and digital tools to support Council reduce climate risks and make climate-resilient decisions in asset management investments, renewals or upgrades decision-making processes.
- **2026** - develop the Council's first Climate Adaptation Plan that will include asset and infrastructure.

Strategic rationalisation to better manage the overall asset portfolio

Broad options for addressing all the challenges include:

- Continue to make decisions as issues arise and add new assets when existing ones no longer meet requirements.
- Ensure we are more strategic in the management of the of the portfolios of assets we own.

The principal option we have chosen is: Strategic rationalisation to better manage the overall asset portfolio. This means ensuring we have the right assets to meet the needs of the community before investing in renewals, upgrades or new. It also means considering selling or decommissioning some assets. Our rationale is provided below.

We cannot afford to continue maintaining, operating, and renewing all our assets we have in the way that we have been doing. Adding more assets without considering affordability is also not sustainable. Therefore, we must pause and reset. This means taking a careful look at all

our assets and conducting strategic reviews. These reviews should be done by looking at portfolios of assets, considering the bigger picture. We must also take the time to ensure our investments are financially sustainable and contributing towards our community outcomes and LTP priorities.

To address these challenges, we need to be coordinated and considered at a whole of organisation and city level. Recently, the council adopted Te Awe Māpara (Community Facilities Plan), a guide for decision-making on community facilities for the next 30 years. This plan is based on a city-wide needs analysis that highlighted issues with the current network of facilities.

Key challenges include:

- Many of our community facilities are small, ageing, not fit-for-purpose, and many face increased or new risks associated with climate change and natural hazards.
- While the city is well-covered geographically, the design, size and quality of facilities hinder our ability to meet current and future needs as the city grows.

Te Awe Māpara outlines 58 prioritised actions for investigations and planning over the next 30 years, with 26 of these to be completed in the first six years of this LTP.

We have already reviewed our performance venues, focusing on the operational model. The key finding of the report is the Wellington City Council (WCC) operating model for the performing arts venues is sub-optimal and it is not set-up for success. The model in its current form lacks alignment, transparency, and accountability in relation to how civic performance venues contribute to agreed WCC strategies and objectives. There is a significant opportunity to shift to a more effective operating model. In addition, there is a significant overlap between performance venues, civic venues, and civic buildings. It makes sense to review this portfolio of building assets together. A feasibility study will take place over the first 3 years of this LTP to identify options to optimise the operation of this portfolio.

This strategic rationalisation approach is essential for managing our assets efficiently, ensuring financial sustainability and ensuring they align with the city's future needs.

The way we manage our assets must take this strategic approach. Further detail about managing, maintaining and renewing our assets follows.

Knowledge Management

The foundations for good Asset Management (AM) practices are people, processes, systems, and data, as defined in the International Infrastructure Management Manual (IIMM). Quality asset data provides the evidence to enable better investment decision making and cross asset optimisation.

Asset data is generally collected through data capture programmes, or operationally through our service providers and asset managers and their teams. At WCC, data is captured through our facilities management provider, through ongoing assessments by inhouse specialised staff, as well as large scale condition assessment programmes, as has just been completed for our vertical asset portfolios.

AM information sets and the systems where they are stored are summarised in the table below. Refer to each AMP (Asset Management Plans) for the complete list of systems specific for each of the activities.

Information Sets

Confidence in our asset data improves the confidence in our investment decision making, enabling effective programmes and robust long-term financial forecasts to be developed.

Our confidence ratings are based on the criteria outlined below.

Information	Purpose	Name	Information Type	Activity	Confidence Grades
Financial	Ensures assets that are acquired are registered and subsequently treated according to financial policy and accounting standards.	OneCouncil (Technology One)	Budgets, FAR.	All	C - Medium
Physical	Captures asset attributes such as size, age, condition, and location	SPM Assets	SPM holds individual assets records, condition data, life cycle analysis and reporting functionality.	PSR, Property, Landfill	B - High
Physical	Captures asset attributes such as size, age, condition, and location	RAMM	RAMM holds individual assets records, condition data, maintenance costs, forward works programmes, valuation.	Transport	B - High
Physical	Captures asset attributes such as size, age, condition, and location	OneCouncil (Technology One)	OneCouncil holds individual assets records, condition data, maintenance costs, valuation.	Open Spaces, Property, Landfill	C - Medium
Physical	Interactive map-based information	ArcGIS	Aerial photography, property and road boundaries, assets.	Open Spaces, Property, Facilities	
Physical	Interactive map-based information	PowerBI	Aerial photography, property and road boundaries, assets.	Transport	
Operational	Job management tool for programming and claiming.	RAMM Contractor	Asset activity information.	Transport	A - Very High
Operational	Job management tool for programming and claiming.	OneCouncil (Technology One)	Asset activity information/Work management	All	A - Very High
Operational	For compliance monitoring and reporting	SAP (FM Provider Software -Ventia)	Compliance data (buildings).	Facilities	

Data confidence grades

Asset condition is one of the key factors we employ in the development and prioritisation of our programmes of work. Having accuracy and confidence in our condition data is therefore vital to be able to assess and manage the assets in an effective manner.

The current state of our infrastructure assets is summarised in the individual Asset Management Plans (AMPs). The condition scoring regime we use is a standard 1 to 5 scale, 1 being Very Good condition and 5 being Very Poor.

Confidence Grade	Grade Description
A Very High	Highly Reliable <2% uncertainty Data based on sound records, procedure, investigations, and analysis, documented properly, and recognised as the best method of assessment.
B High	Reliable ± 2-10% uncertainty Data based on sound records, procedures, investigations, and analysis, documented properly but has minor shortcomings, for example the data is old, some documentation is missing, and reliance is placed on unconfirmed reports or some extrapolation.
C Medium	Reasonably Reliable ± 10-25% uncertainty Data based on sound records, procedures, investigations, and analysis which is properly documented but has minor shortcomings for example the data is old, some documentation is missing, and reliance is placed on unconfirmed reports or significant extrapolation.
D Low	Uncertain ± 25-50% uncertainty Data based on sound records, procedures, investigations, and analysis which is incomplete or unsupported, or extrapolated from a limited sample for which grade A or B is available.
E Very Low	Very Uncertain > 50% uncertainty Data based on unconfirmed verbal reports and/or cursory inspection and analysis.

Condition Rating Scale

Condition Score	Colour	Condition Rating
1	Dark Green	Very Good
2	Light Green	Good
3	Yellow	Fair
4	Orange	Poor
5	Red	Very Poor

Condition Grade Index Scale

The Condition Grade Index (CGI) is the average condition grade of assessed components weighted by their gross replacement cost. This index is used to summarise and monitor overall condition for our assets managed in the SPM information system which excludes Transport. The CGI operates on a different scale to the condition rating which needs to be considered when using for decision making purposes.

CGI Range	Colour	Condition Rating	Description
0-1.499	Light Green	Good	A CGI of less than 1.5 suggests that an excellent condition without any component in poorer condition.
1.5-1.99	Yellow	Fair	Less than 2.0 it is likely that the site is in good to excellent with only a few components in a poorer condition.
2-2.99	Orange	Poor	Greater than 2.5, there is a high proportion of components in a poor condition.
3-5	Red	Very Poor	Majority of components are in a poorer condition.

Changing Technology

Technology plays an important role in how we use and build things like roads and buildings. Thanks to technology, people can now live, work, and have fun in diverse ways. The adoption of technologies has allowed for more flexibility about when and where people live, work, and recreate. The trend towards hybrid working and learning was accelerated during the pandemic and has led to changing patterns of movement and demand which impacts how infrastructure networks perform. Developments in Machine Learning, Artificial Intelligence, Telecommunications Connectivity and Reality Technologies will continue to enable people to easily change how they live. This in turn affects what we need from our infrastructure networks. Technology also impacts how infrastructure is planned, built, and operated.

We now use things like Digital Twins, Mapping Technology and the Internet of Things which enable the modelling, visualisation, optimisation, and prediction of how infrastructure, has and will perform. This investment in technology can increase the resilience, adaptability, and certainty of performance of infrastructure through time and enable it to better meet the strategic outcomes of the city. The Council is presently investing in an

Underground Asset Map which will provide more reliable, accurate and complete data about the location of underground services. This map of the underground space in the city will enable more certainty for people planning, building, maintaining and operating infrastructure in the city and is foundational to improving the administration of the space within the city's streets and public spaces.

Maintaining existing assets

We manage our assets through a mix of reactive and proactive investment as we set out to work under a 'lowest whole of life' framework. This will always be based on our asset data and as the maturity of our asset management progresses, we will achieve better outcomes with our investment. Organisation maturity combined with better decision making will deliver better outcomes.

Improvement of our asset data has been a focus leading up to the current LTP. We are now more confident of the integrity of our asset data across many of the asset groups and this provides a solid foundation for the current LTP. Maintaining what we have is not always the right thing to do. Maintenance investment is considered in relation to the renewals programme to optimise both intervention timing and level of

service across the assets. When the operational and maintenance costs of retaining an asset are equivalent to building new, this may be an indication to dispose of the asset and build a new one that meets the community needs.

Renewals

Impact of LTP Amendment on renewals approach

A review of the Council's capital programme was undertaken as part of the LTP Amendment, informing two options for addressing the Council's two key financial risks.

When determining the scope for the review of the Capital Programme undertaken as part of the LTP Amendment preferred option (option 1), it was agreed that the capital programme should prioritise the maintenance and renewals of existing assets over upgrading or building new.

Because in the current LTP, renewals expenditure is already set at 75% of unconstrained renewal funding (apart from water) for the first ten years of the plan, any changes to the capital programme should avoid further reducing renewals expenditure.

However, the 2025/26 Annual Plan includes some changes to the capital programme, outside the LTP Amendment, that may have resulted

in changes to renewals expenditure. This can include (but is not limited to) updated inflation and depreciation assumptions, project rephasing, and cost refinement.

2024 LTP approach

Our approach to asset renewals is centred on progressively restoring and renewing individual assets that have reached the end of their useful life. The goal is to bring these assets back to their original condition or capacity, ensuring they meet required levels of service. However, before a decision is made to renew any assets, we determine if the asset is still required and if so, if a like for like replacement is required or an upgrade.

Our capital investments cover three investment streams:

- Renewing existing assets: Preventing assets from failing to support levels of service by systematically renewing them.
- Upgrade, creation, or purchase of new assets: Addressing growth in demand or changes to levels of service by investing in new assets.
- Investment in assets that are held for financial return or future opportunity value: Investing in assets that provide a financial return or have potential future value.

Renewal and replacement strategies are determined based on:

- Risk – Action is justified if there is a risk of failure and associated safety, financial and commercial effects.
- Asset Performance – renewal is necessary if the asset fails to meet the required levels of service and compliance.
- Economics – Renewal is considered when it is no longer financially sensible to continue to repair the asset.

Renewal and replacement needs are identified through:

- Analysing condition reports
- Maintenance records (asset failure and expenditure history)
- Service records
- Observations by staff and contractors

Short and long-term asset renewal programmes are prepared based on identified forecasted renewal needs, considering remaining asset lives criticality and risk. Deferred capital renewals will be planned for future inclusion in programmes.

Renewals investment is prioritised to balance levels of service and lowest cost of life for asset groups, aligned with resilience and strategic goals such as mode shift and emissions targets. We then apply the

affordability lens taking into account the quantum of required investment across Council activities. Decisions are complex across the Council's infrastructure due to varying asset lives requiring coordination for optimisation of investment, where the level of investment for renewals is balanced with affordability, asset consumption and the Council's levels of service. Given debt capacity issues in the development of the 2024 Long-term Plan a decision has been taken to target renewals at 75% of unconstrained forecasts for ten years of the LTP.

Prioritising renewals funding enables the Council to trade off non-critical asset risk with the need to increase investment in our three waters assets. An increased budget from 2034 will be programmed to catch up – the intent being that this deferral of renewal funding and spending would be fully caught up over the life of the 30-year Infrastructure Strategy and therefore the risks and service impacts of the decision should be temporary. Within this financial constraint, we will ensure that within different activity classes, renewals are prioritised based on criticality and where assets are in the poorest condition.

This decision applies to all renewal budgets other than three waters renewals, which have been subject to specific decision making through the

2024 LTP. Note that where there is data and information that does not support this target, separate decisions were taken (most notably for transport renewals).

Funding renewals later than forecast replacement requirements creates risks to asset condition and performance. The management of renewal budgets may also lead to impacts to service levels delivered to the community. Overall, the Council plans to manage risk through ensuring that within different activity classes, renewals are prioritised based on criticality and where assets are in the poorest condition. Safety and resilience will also be prioritised. In some cases, this has meant that renewal budgets for some activities have not been reduced the full 75% of forecasts.

Where less than 100% of renewals are budgeted it is imperative that this risk is well understood and signalled in terms of asset consumption, and service decline. Where infrastructure has been funded sub-optimally, we will identify any efficiencies that can be sought to reduce costs (that is, doing more for less) as well as monitoring the backlog ensuring our plans include a focus on lowering risks in subsequent years. The Council has, where practicable, constrained renewals and assumed some risk across sections of our infrastructure (predominantly transport, buildings,

and facilities) with the knowledge and data to support this risk by identifying renewal backlog and forecasting this into later years 2034–2054, where any degradation is addressed.

This information and knowledge is available through the recent implementation of our Asset Management Information System (SPM) and a comprehensive condition assessment survey for our buildings.

This approach, in deferring renewals to some of our infrastructure means we are consciously prioritising our investment to meet our biggest challenge within a constrained funding environment. The highest priority infrastructure investment over the next decade is required to support repair and remediation of the City's water network and earthquake prone buildings, as well as how we adapt to climate change impacts.

Prioritising the interventions and work programme for affordability

New infrastructure is expensive. To manage and operate our assets in a financially sustainable way, as well as delivering to meet the needs of our communities, growth, and climate change, we need to take a strategic and integrated approach. We are applying the hierarchy of interventions, as described in the New Zealand Transport Agency's Planning and Investment Guidance and in alignment with the Infrastructure Commission, considering lower cost interventions before higher cost interventions. This includes:

- Integrated land use and infrastructure planning.
- Manage demand through behavioural science techniques such as pricing, redesigning services, and using technology.
- Making best use of existing infrastructure by optimising levels of service.
- Using best practice business cases and planning and prioritising to inform good decision making when investing in infrastructure.

The overall approach to prudently managing our financial position for the 2024 LTP is outlined:

- Reprioritise and rephase the capital programme as follows:
 - Complete works underway – e.g. the Town Hall, Te Matapihi Central Library, and parking enforcement technology roll-out.
 - Deliver what is legislatively / contractually required – e.g. Housing Upgrade Programme phase 2, multi-year contracts, earthquake strengthening, delivery of the Te Awe Mapara Community Facilities Network Plan.
 - Infrastructure deficit / challenge – invest in areas where there are significant infrastructure challenges, such as three waters and transport.
 - Incorporate regulatory and non-built solutions – invest in policy frameworks and nature-based solutions such as water sensitive urban design to limit the need for infrastructure investment.
 - Reprioritise and rephase – rephase, reprioritise and rescope the remainder of the capital works programme so that it is evenly distributed over the following ten years of the long-term plan and beyond and fits within the available budget parameters.
- Maintain financial capacity for the future:
 - Investment portfolio – explore whether the current investment portfolio can be better utilised and targeted towards dealing with the city's natural hazard risks and insurance costs pressures.
 - Renewals – update renewal programmes to reflect the development of better asset data and defer what we can on non-critical assets, without impacting too severely on asset risk. For the first 10 years (2024-2034), we have set a target of funding renewals at 75% of the anticipated need in all asset categories except three waters. This will enable us to trade off non-critical asset risk with the need to increase investment in our three waters assets. An increased budget from 2034 will be programmed to catch up. Within this financial constraint, we will ensure that within different activity classes, renewals are prioritised based on criticality and where assets are in the poorest condition.
 - Revenue – increase revenue and explore alternative funding sources where appropriate.
 - Levels of service – explore adjustments to levels of service over time. We will undertake a review of all our levels of service

in the first three years of this LTP and identify whether we can close the gaps over the years 11 to 30 period, or whether to adjust levels of service downwards.

- Adjust to external cost pressures:
 - Pause and reset – develop a clear strategy for dealing with the Council's earthquake prone buildings. This will enable robust decisions on these venues to be made as part of the 2027-37 LTP.
 - Integrated delivery – ensure there is better integration and trade-offs between existing work programmes to drive efficiencies.
 - Work within tight budget parameters – this means operating within set inflation envelopes for key areas, requiring business units and some CCOs (Council Controlled Organisations) to take a more commercial approach / secure external funding to improving baseline funding position.

Financial affordability for both the Council and ratepayers means that we must focus on doing the right things at the right time in the most cost-effective way whilst deliberately managing risk. We will prioritise non-asset solutions to maximise the use of our assets and deliver value for money and operational efficiency.

Ngā whiringa matua, ā-ngohe

Principal options by activity

Three waters

Local Water Done Well reform

We have amended this Infrastructure Strategy to reflect the Government's Local Water Done Well reform which directs that a Water Service Delivery Plan has to be enacted from 1 July 2026. The Local Government (Water Services) Bill establishes the enduring settings for the new water services system. The objectives of the Bill are to ensure water services are safe, reliable, environmentally resilient, customer responsive and delivered at the least cost to consumers and businesses.

The Council has resolved to establish and co-own a new regional Council-controlled Organisation for three waters, which was consulted on alongside the LTP Amendment. The final delivery model will be subject to decisions still to be made by other regional territorial authorities. The LTP amendment will also be finalised prior to the completion of the legislative process which creates a

level of uncertainty as to the final transition arrangements.

In line with the Council's decision to move ahead with a regional CCO, it is assumed that from 1 July 2026 ownership of and responsibility for three waters assets will no longer sit with Wellington City Council.

Overall, there is a high degree of uncertainty in relation to the ownership and maintenance of water infrastructure. As a result, we have amended this Infrastructure Strategy to reflect the Council's decision (i.e. non-Council ownership from 1 July 2026). We anticipate further changes to the Infrastructure Strategy will be required following the implementation of a Water Service Delivery Plan. However, until that occurs, the Infrastructure Strategy remains valid.

Wellington's network

Wellington's three water services of drinking water, wastewater, and stormwater management are delivered through an extensive pipe network and associated infrastructure.

There are significant constraints and levels of service issues across our water services assets. The challenges of aging infrastructure, population growth, climate change, increasing environmental regulation and service delivery expectations means that we must ensure that there is adequate financial resourcing to ensure that infrastructure goals can be met within financial constraints.

These issues include:

- Aging infrastructure
- Population growth and increased demand on supply
- Leaking drinking water pipes and increased service interruption.
- Increased uncontrolled wastewater overflows to the environment.

- A significant and growing backlog in drinking water pipe renewals.
- Deteriorating asset condition as the infrastructure networks age.
- Flooding.

Growth adds additional pressure to the network, which must be managed effectively to ensure continued levels of service.

To accommodate future population growth in the Wellington City Council area, there will need to be significant upgrades to 3-waters infrastructure, with intervention needed to meet growth in the following way.

- Central City (in Te Aro, Adelaide Rd), Newtown, Johnsonville, Tawa – immediate and significant intervention to meet short term growth forecasts to create development capacity in the 3-water networks.
- Newlands, Mt Cook, Mt Vic, Hataitai, Aro Valley, Berhampore, Island Bay, Khandallah, Ngaio, Crofton Downs - short term interventions to meet medium-term growth forecasts and create development capacity in the three-water networks.

- Karori, Kelburn, Brooklyn, Thorndon, Churton Park, Lyall Bay, Kilbirnie, Miramar – medium term intervention to create development capacity in the long term.
- Greenfields – short to medium term structure planning in place to lead long term outlook for future development led by others.

There is a significant amount of investment required in three waters over the next thirty years. While we are proposing to spend more than we ever have in the 2024-34 LTP it is still not at the level proposed by Wellington Water as we need to balance what is required with what we can afford. Therefore, we are pushing some of the required investment in the networks into years 11 to 30 and under the current delivery model (that is, through Wellington Water) this will be a continued challenge to the Council. In order to address this, we are focused on:

- Continuing to collect better information about assets to ensure we are investing at the right time in the right assets, as well as mitigating the impacts of failure.
- Looking to invest as much as we can in three waters whilst also managing the other investment priorities, such as earthquake prone buildings.

- Investing to ensure we are operating an efficient network, for example looking at investment in water meters and the construction of the sludge minimisation plant.
- Working collaboratively with the other region's Councils to discuss the future model of three waters delivery with a commitment to establishing a regional council-controlled organisation to own, manage and deliver three waters infrastructure.

Council's role

It is a core statutory role of the Council to provide safe drinking water, manage stormwater, and take away and treat wastewater. This service is delivered through the three waters pipe network and associated infrastructure.

Delivering through Wellington Water Limited

The Council set up a Council-controlled Organisation – Wellington Water Limited (WWL) – in 2014 to manage the three waters services and assets. Other shareholders include five other councils in the region (Hutt City, Porirua City, Upper Hutt City, South Wairarapa District, and Greater Wellington Regional Council). It is contracted under a collective

Management Services Agreement which requires it to, amongst other things, safeguard the Councils' water assets from damage, loss and destruction and keep the assets in good condition and repair.

Wellington Water is governed by a Board of independent directors, the chair of which reports to the Wellington Water Committee. The Wellington Water Committee is made up of representatives from each of the shareholding Councils and is responsible for providing overall leadership and direction for Wellington Water.

Wellington Water use these five regional strategic priorities to provide advice.

- Look after existing infrastructure.
- Support a growing population.
- Sustainable water supply and demand (and more resilience in times of shortage).
- Improving environmental water quality.
- Achieving net zero carbon emissions.

Wellington Water's advice in the 2024 – 2027 LTP was to investment primarily in 'Looking after existing infrastructure', sustainable water supply and demand, and 'improving environmental water quality'.

Wellington Water Limited is accountable for all asset management activities, including asset condition assessment, on behalf of WCC. The focus, until recently, has been on understanding where critical pipes are within the network. An increasing backlog of leaks is leading to declining levels of service and the need to increase funding for reactive interventions. A better use of our constrained funding would be to invest in renewals which requires an optimised renewals programme, improving resilience, managing critical assets and improving asset data knowledge are all important aspects of maintaining our network.

Whilst the asset management and planning function continues to improve, some significant data gaps still exist, and these are highlighted below.

During the last 3 years, Wellington Water Limited completed an assessment of Very High Critical Assets (VHCA) across our 3 waters network and provided investment advice as part of the 2024-34 LTP. VHCA are assets that have a very high consequence if they fail. It is important after an unexpected event that VHCA and high criticality assets (HCAs) are back up and running as soon as possible to maintain public health and safety.

Wellington Water assessed the below:

- 189km which is about 8% of total pipes.
- 65 or 100% of the reservoirs.
- 35 or 28% of the pump stations.
- 60 wastewater treatment plant assets were selected for detailed investigation.

The asset assessment informs Wellington Water's physical works programme. The biggest risks are assets in poor or very poor condition, and these will be prioritised for replacement. Wellington Water uses modelling to determine asset condition grades for the wastewater and drinking water networks. Asset condition modelling considers factors like pipe age, material, expected lifespan and pipe inspection records.

The asset assessment informs Wellington Water's advised physical works programme. The biggest risks are assets in poor or very poor condition (44% of the capital's wastewater pipes and 25% of drinking water pipes), which will be prioritised for replacement.

Reservoirs also need remedial works for safety and contamination risks.

The three waters assets are discussed separately below:

- Water Supply (bulk drinking water)
- Sewerage and the treatment and disposal of wastewater
- Stormwater

As mentioned above, the Council's water services are delivered through Wellington Water Limited.

We've recently independently reviewed the service delivery efficiency of Wellington Water. There are several recommendations to improve service delivery. Shareholding councils have agreed to pursue operational improvements through the inclusion of performance and productivity based KPIs into the 2024 Letter of Expectations.

Wellington Water Limited has advised that the maximum deliverable programme would cost \$2.5b, of which \$1.8b is Capex and the balance is Opex. We're proposing to fund \$1.8b (capex and opex) over 10 years¹, which is what Wellington City Council can afford. The waters programme is designed around the budget and what is most critical to deliver.

Several of the major projects are in a very early stage of planning, which means there is a high level of cost

uncertainty. Wellington Water Limited will take a tactical approach to delivering the spend through balancing and prioritising its investment, targeting specific assets and speed of ramping up. Key considerations in this are expected to be both Wellington Water's and market capacity to deliver as well as asset risk of failure and affordability.

The following have been prioritised².

Opex costs

- \$680.0m over ten years, with year 1 at \$66m. Including:
 - \$2.4m for planning for universal water meters in first three years
 - \$5.3m Opex pa for leak / reactive maintenance

Note, the ongoing consequential opex requirement for the universal residential smart water meters will be determined through the planning, design and procurement phase. Once this is complete, council can make an informed decision on how to incorporate the ongoing costs into future opex. budgets.

Capex costs

- \$1.2b over ten years, including:
 - \$143m for smart water meter roll out from year 4.
 - \$23.1m for Golden Mile Renewals
 - \$10.8m to start Bell Road and Moi-i-te-Ra reservoirs including inlet/outlet mains from year 7
 - \$32.8m for pressure management and additional water renewals, and increased reactive renewals for all three waters
 - \$24.2m for risk contingency for the Airport Wastewater Triplicate Interceptor and one section of the Eastern Trunk Main
 - \$15m for additional renewals at the Moa Point Wastewater Treatment Plant
 - \$2.8 million in the CAPEX program for wastewater upgrades for a trunk sewer in the Kaiwharawhara stream in Ōtari-Wilton's Bush.

¹ Due to LWDW reform, Council's preferred option assumes that from 1 July 2026 ownership of and

responsibility for three water assets will no longer rest with Wellington City Council.

² Due to LWDW reform, Council's preferred option assumes that from 1 July 2026 ownership of and

responsibility for three water assets will no longer rest with Wellington City Council.

Water Supply

This information underpins the current approach to investment planning, asset management planning, asset renewals and infrastructure project delivery. Council's preferred option assumes that ownership of and responsibility for water assets will no longer rest with Wellington City Council from 1 July 2026.

Strategic direction

Clean, safe drinking water is essential for residents' quality of life and wellbeing, and a reliable water supply is essential to support business activity in the city.

Wellington Water manages the bulk water network on behalf of the GWRC. The treated drinking water that WCC receives is drawn from the Te Awa Kairangi/the Hutt River, the Waiwhetu Aquifer and the Wainuiomata and Orongorongo rivers, is stored in the reservoirs across the city, and is distributed through the drinking water supply piped network.

³ Due to LWDW reform, Council's preferred option assumes that from 1 July 2026 ownership of and

Effective water supply services are crucial to achieving Council's five outcomes and aligns to one of the Council's nine priorities – *"Fix our water infrastructure and improve the health of our waterways."*

As the city grows, additional drinking water storage facilities and network upgrades are required to facilitate this growth. New assets can also provide sufficient capacity for existing shortfalls against target levels of service.

Asset overview

Our assets are valued (Optimised Replacement Value) at approximately \$1,985 million as at 30 June 2023 and include:

- 921km water pipes
- 68 reservoirs/tanks
- 34 pump stations
- 98,000 valves, hydrants
- 72,000 service laterals

responsibility for three water assets will no longer rest with Wellington City Council.

Asset condition and lifecycle

Cast iron pipes in the Wellington central city area are well past their useful life with a failure history and material deterioration confirmed by laboratory analysis. Overall, water supply assets are in moderate condition with an estimated average remaining useful life of 30-40%.

There is more work to be done regarding the collection of reliable physical asset condition data for critical and non-critical assets. Wellington Water Limited are aware of the location of the critical pipes within the network. Next steps involve documenting and reporting against each of the infrastructure networks in terms of value, age, materials condition and asset performance.

The results of the Very High Critical Assets condition assessment indicate that majority of the very high criticality pipes fall between 'very good and moderate' condition. However, over 25% are in poor or very poor condition. There is low confidence in the condition assessment of the balance of the assets due to the volume that is assessed through desktop assessment. This means that there is a high level of uncertainty in planning and forecasting maintenance and renewals.

Based on the desktop assessment and VHCA work, an estimate of the relative condition of assets is shown in the figures below.

Figure 3: Drinking Water Pipes Condition³

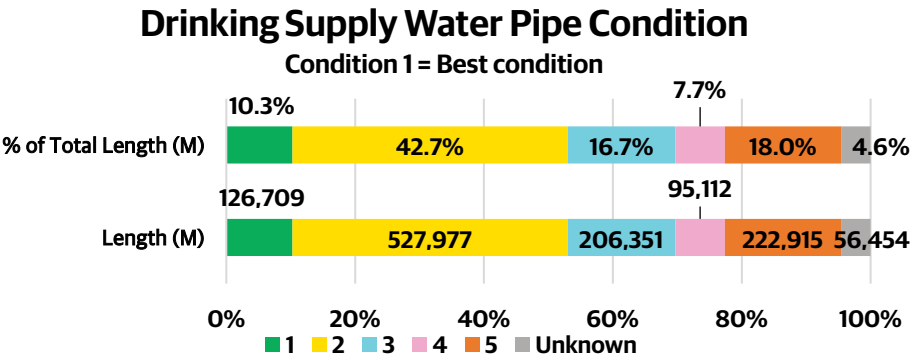
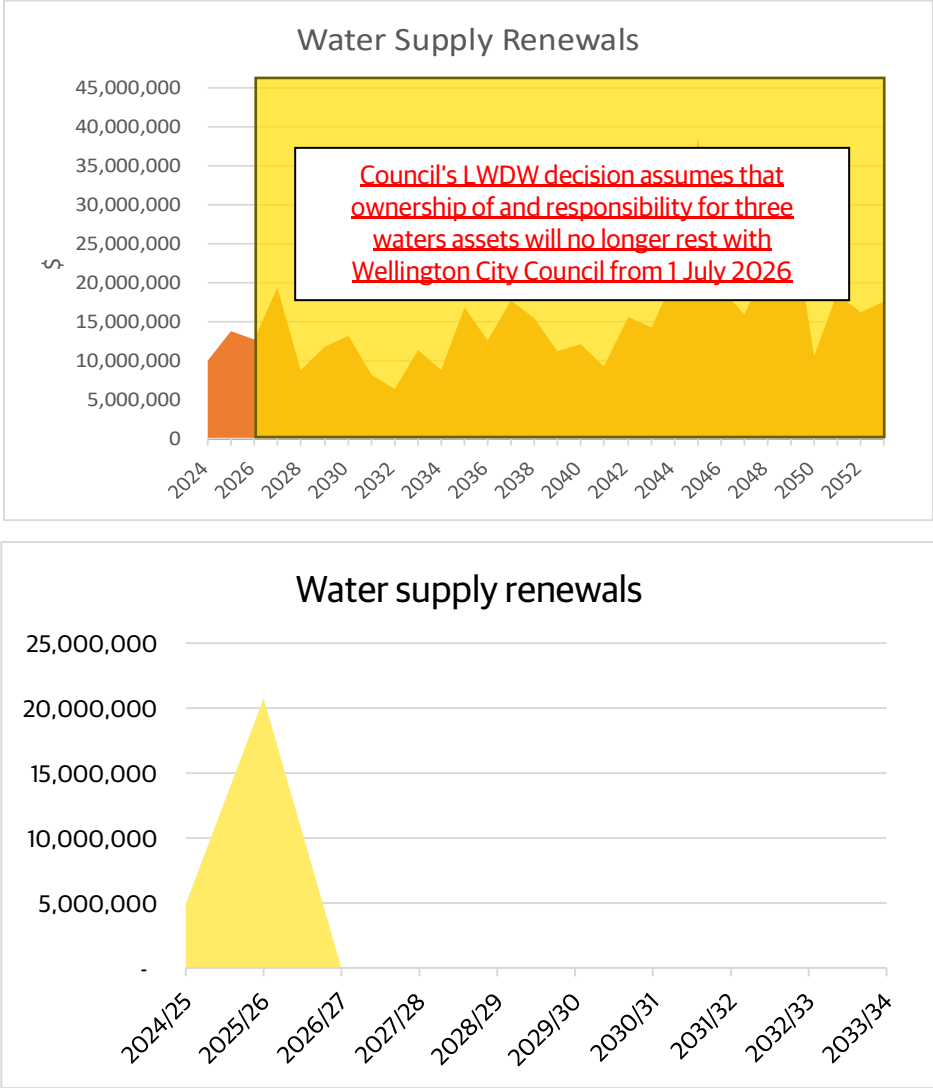


Figure 4: Water Supply Pipe Network Renewal Profile, including the removal of funding due to the Local Water Done Well reform⁴.



⁴ Due to LWDW reform, Council's preferred option assumes that from 1 July 2026 ownership of and

responsibility for three water assets will no longer rest with Wellington City Council.

Level of service and performance

Council's role is to provide a secure supply of safe and healthy drinking water to communities and businesses. There are a range of technical performance indicators that measure water quality standards, overall performance of the network, and customer satisfaction with the service.

While water is delivered to households and businesses and meets health standards, the current water supply network has material challenges and is not achieving some of the agreed levels of service. The water supply network has a substantial number of assets that have exceeded their expected useful life. Approximately 31% of drinking water is lost through the public pipe network, which is very poor benchmarks, and an estimated further 10% within private property. This is costly and requires increasingly severe water restrictions over summer periods when rainfall is less and source capacity decreases.

There are gaps in Wellington Water's knowledge about our assets. This knowledge is essential to help Wellington Water Limited to intervene with planned maintenance

or replacement before assets fail, and to drive an ongoing programme of renewal and enhancement investment. Currently, response times to repair leaks in the network are consistently not being achieved. In the 2021 LTP, auditors have highlighted the ability of Wellington Water to report accurately against their measures.

See Council's Annual Report for further information on levels of service and performance.

Decisions taken as part of the 2025/26 Annual Plan include an increase in funding for 2025/26 to continue the increased investment in addressing 3 Water infrastructure challenges.

Key challenges

This activity group is affected by all the identified key challenges.

- Aging and declining condition of infrastructure – Around 30% of the drinking water network has passed or are approaching the end of life based on age. Using age as a proxy for condition, Wellington Water Limited has advised that more than 50% of the network is expected to require replacement within the next 30 years.

- Population growth and changing demand – Forecast growth in our northern suburbs (Johnsonville and Tawa in particular) will put additional demand on the existing water storage reservoirs. Growth studies⁵ undertaken by Wellington Water Limited since the last LTP have been completed, which has helped to identify what work is needed to support our 30-year growth vision and to help quantify the level of investment required for this growth. Capacity is available in the short term for non-complex and smaller scale developments. However, significant upgrades to network infrastructure are required to accommodate growth to ensure compliance with the National Policy Statement on Urban Development.
- Mitigation and adaptation to climate change – Climate change is leading to an increase in extreme weather events, including extreme rainfall events and landslips which leaves water assets vulnerable to disruption, as well increased droughts which increases the risk of water shortages. Sea level rise and rising groundwater tables associated with climate change also have an impact on

underground water assets and additional work is required to help us better understand the impact this will have on our infrastructure. The 2023 Climate Risk Assessment Report highlighted coastal inundation causing asset damage to water services infrastructure as one of the highest ranked risks, with a growing trend towards 2050 and 2100. Without adaptation, further climate-related changes are projected to have substantial impacts on water resources.

- Earthquake hazards – The ground our three water assets are in is subject to earthquakes and other natural hazards which leaves them vulnerable to disruption.
- Affordability and deliverability – The volume of work needed to keep pace with the aging assets and growth is unaffordable under the current funding environment and climate change impacts. Furthermore, the capacity of the construction market to deliver is limited. Due to increased environmental standards the requirements and costs for gaining and implementing resource consents is becoming more challenging and expensive. Whilst

the number of leaks reported and detected has not increased significantly over the past few years, the cost to fix each leak has increased significantly due to increasing costs of traffic management, health and safety, and other inflationary costs on contractor resources. The net result of all of this is an ever increasing repair backlog and decreasing levels of customer satisfaction.

Principal options

This activity and related solutions primarily contribute to the priority *"fix our water infrastructure and improve the health of waterways."* We will also take every opportunity to apply each of the strategic approaches.

The following shows how we have used the strategic priorities and applied the overarching principal options to identify specific options to address the key issues for this activity group.

- Strategic rationalisation to better manage the overall asset portfolios – We will prioritise fixing drinking water supply leaks over investment in additional supply as

this will increase supply reaching customers.

- Prioritising interventions and the work programme for affordability – For operational and financial efficiency and overall affordability Wellington Water has prioritised repairing and replacing highest criticality assets in a very poor and poor condition.

⁵ Undertaken for Tawa, Johnsonville, CBD and Newtown

Issues and options⁶

Issues	Options	Decision Date	Delivery Timing	Costs	Risks and Implications
Aging assets and significant leaks across the water networks Around 41% of our water is lost through leaks in the water system which reduces our supply capacity.	Managing water demand through education.	2024	2024	\$2m (detailed business case) - OPEX	Public engagement in voluntary water use reduction is at risk with a backlog of water leaks. The installation of more pressure control valves will assist in leak detection and prioritised repair.
	Finding leaks through installing more water meters in the network.		2024	\$3m (pressure control valves) - CAPEX	
	(Adopted)		2027-2030	\$144m (residential smart meters) - CAPEX	
	Additional funds for reactive water maintenance to clear the backlog of leak repairs		2024	\$3.3m OPEX	

Water Supply Activity Opex and Capex forecast⁷

Year	Operating Expenditure	Capital Expenditure
2024/25 ⁸	103,396,303	5,591,218
2025/26	118,896,461	24,436,223
Total	222,292,764	30,027,440

Figures are inflation adjusted

⁶ Due to LWDW reform, Council's preferred option assumes that from 1 July 2026 ownership of and responsibility for three water assets will no longer rest with Wellington City Council.

⁷ Due to LWDW reform, Council's preferred option assumes that from 1 July 2026 ownership of and responsibility for three water assets will no longer rest with Wellington City Council.

⁸ The 2025 Budget figures reflect the impact of the Long-term Plan Amendment and capital rephasing approved by the Long Term Plan and Financial Performance Committee on 22 May 2025

Sewerage and the treatment and disposal of sewage

This information underpins the current approach to investment planning, asset management planning, asset renewals and infrastructure project delivery. Council's preferred option assumes that ownership of and responsibility for water assets will no longer rest with Wellington City Council from 1 July 2026.

The Moa Point Sludge Facility, due to be completed in 2026/27, is not included in the disposal of water assets. This is because there is a significant enough level of uncertainty regarding the future transfer of the asset, and the timing and value of any transfer if it did occur.

Strategic direction

The primary purpose of the wastewater service is to protect public health by ensuring that wastewater is safely removed from private property and other public spaces. There is an increasing focus on reducing the risk of illness and the environmental effects of discharges to waterways and the sea.

The City will need to change to comply with the freshwater quality standards set out in the National Policy Statement-Freshwater Management (2020) (NPS-FM) by

2040. This regulation seeks to reduce the risks to public health from recreation/food gathering, prevent further degradation to receiving waters, and respect the aspirations of iwi and communities to restore Te Mana o Te Wai.

The state of our wastewater assets must improve if we are to meet the level of service demanded by the NPS-FM and expected by mana whenua and our communities. Over time, we need to replace poor condition pipes and remove systemic overflows that divert sewage into the stormwater system which occurs when the wastewater system is overloaded during heavy rainfall.

Failures in the wastewater system are detrimental not only to environmental and human health, but also to the City's reputation.

Asset overview

Our assets are valued (Optimised Replacement Value) at approximately \$3,306 million as at 30 June 2023 and include:

- 1,077 km pipes
- 15km tunnels
- 39,000 valves and fittings, including manholes and access chambers

- 69 Pump Stations
- Two treatment plants (Moa Point and Kārori)

Asset condition and lifecycle

The wastewater treatment plants are reaching an age where many of the components will require renewal over the next 25 years.

A desktop assessment of condition estimated that 44.1% of the wastewater pipe network is in poor or very poor condition. However, the level of confidence of this information is low, due to the lack of on-site condition assessment. This means that there is a high level of uncertainty in planning and

forecasting maintenance and renewals.

Wastewater assets include the Leachate Collection System. These assets are in moderate to good condition with an estimated average remaining useful life of 55%. There have been some minor seepages of leachate, but additions have been made to the Leachate Collection System to intercept these seepages.

Building assets are managed in SPM Asset Software. This includes individual asset records, asset registers, condition data, lifecycle analysis and reporting functionality.

Based on the desktop assessment and the VHCA work, an estimate of the relative condition of assets is shown in the graphic below.

Figure 5: Wastewater Pipe Network Condition

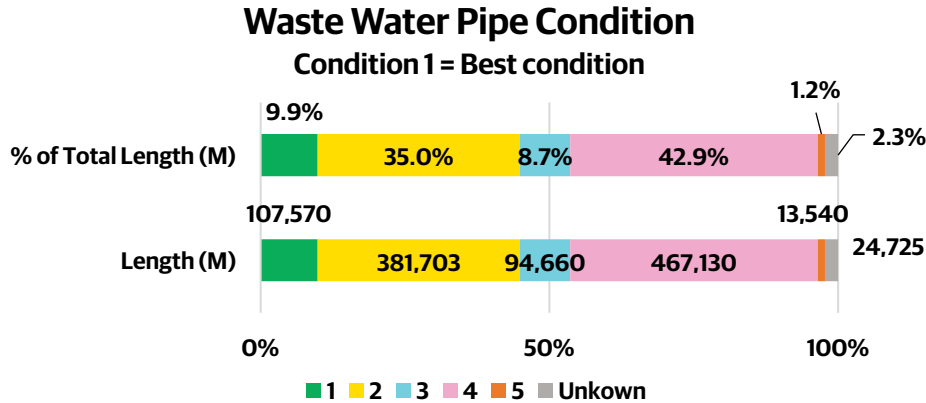
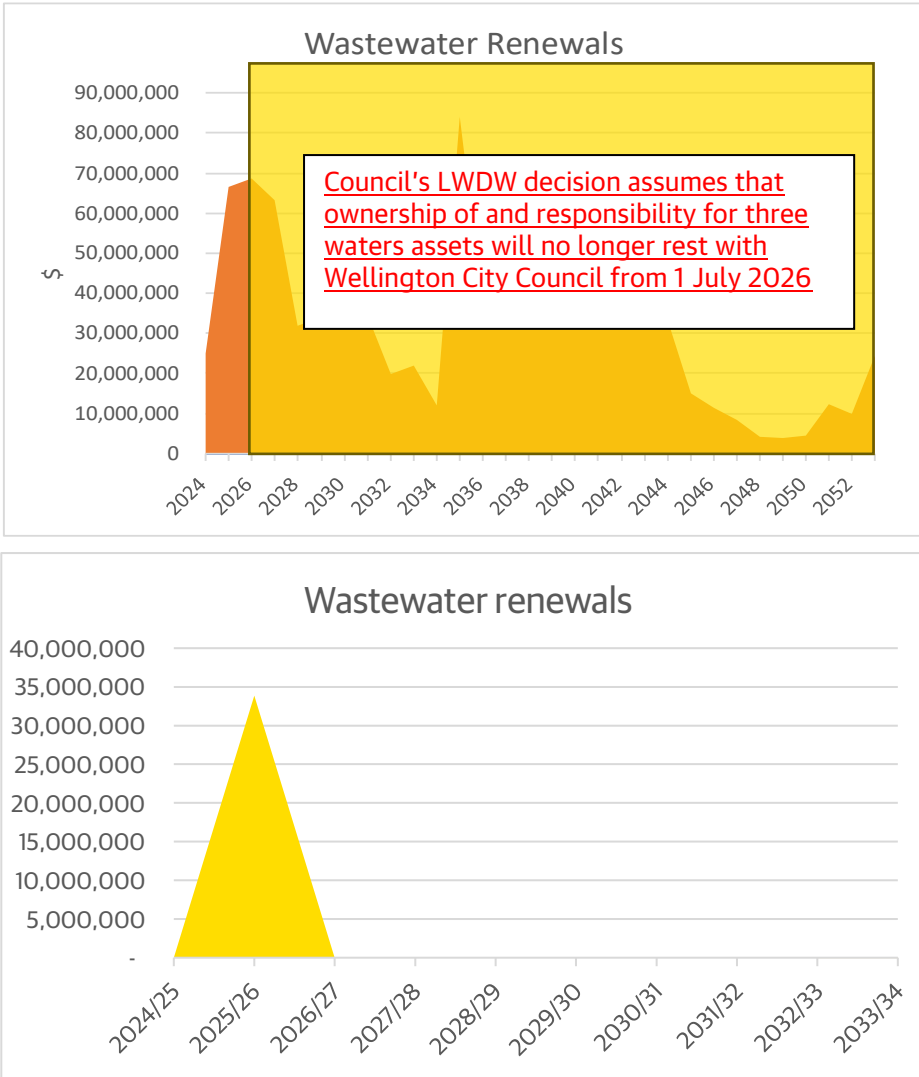


Figure 6: Wastewater Renewal Profile, including the removal of funding due to the Local Water Done Well reform.⁹



⁹ Due to LWDW reform, Council's preferred option assumes that from 1 July 2026 ownership of and

responsibility for three water assets will no longer rest with Wellington City Council.

Level of service and performance

The sewerage network delivers a good base level of service to households and businesses. Construction is under way on a new sewage sludge minimisation plant at Moa Point, which will improve levels of service when operational in 2026. Sludge is created through the processing of wastewater. The new facility will remove water and bacteria from the sludge and process it in such a way to reduce sludge volumes by around 80%. This means significantly less sewage sludge being landfilled, reducing costs of transportation and disposal. We are also actively look for opportunities to reuse the remaining organic matter which will remove even more organic waste from landfill.

While the waste treatment and disposal aspect of the service has received significant investment and levels of service will materially improve in the future, there remains some performance issues with the network. The primary issue with the remainder of the network is overall age, condition, and capacity constraints in parts of the network. The legacy design of the network means that blockages or high rainfall

events regularly results in wastewater overflows into the stormwater network and natural waterways, which creates public health risks and can cause compliance issues. Network capacity in parts of the city also constrains growth, however works have been planned and programmed for increasing the pumpstation and rising main capacities to cater for population growth.

See the Council's Annual Report for further information on levels of service and performance.

Decisions taken as part of the 2025/26 Annual Plan include an increase in funding for 2025/26 to continue the increased investment in addressing three-water infrastructure challenges.

Key challenges

This activity group is affected by all the identified key challenges.

- Population growth and changing demand - The changing expectation for freshwater management means that regular overflow occurrences do not meet the new standards. Any waste discharge into freshwater is

culturally offensive to Māori and mana whenua.

- An application for a global stormwater consent has been lodged with the relevant consent authority and it is expected that a decision will be made in 2025, which will inevitably require wastewater system upgrades.
- Aging and declining condition of infrastructure – More than 1,000 km of public wastewater network has been developed over the past 125 years and many parts of it are aged. The outdated legacy design, which involves redirecting wastewater to freshwater or stormwater during periods of high flows or blockages, presents a significant challenge in attaining the objective of preventing wastewater from entering freshwater sources. The wastewater system experiences regular blockages and overflows, posing both offensive and environmentally harmful consequences. The system is prone to overload during rainfall; it also leaks which allows stormwater ingress during wet weather and wastewater discharge during dry weather. This is known as inflow and infiltration (I&I) and has been an issue nationally for many years.
- Mitigation and adaptation to climate change – Climate change is leading to an increase in extreme

weather events, including extreme rainfall events and landslips, which exacerbates wastewater overflows. Sea level rise and rising groundwater tables associated with climate change also have an impact on underground water assets. The Moa Point and Porirua Wastewater Treatment Plants are located outside flood inundation zones, meaning the key vulnerabilities in wastewater system are associated with infiltration of the pipe network.

- Earthquake hazards and earthquake prone buildings – The ground our three water assets are in are subject to earthquakes and other natural hazards which leaves them vulnerable to disruption. There was some localised damage of the wastewater network around the Port in 2016.
- Affordability and deliverability – The volume of work needed to keep pace with the aging assets and growth is unaffordable under the current funding environment. Furthermore, the capacity of the construction market to deliver is limited. Additionally, due to changing standards the requirements and costs for gaining resource consents is becoming more challenging and expensive.

Principal options

This activity and related solutions primarily contribute to the priority *"fix our water infrastructure and improve the health of waterways."* There is also a strong contribution to *"collaborate with our communities to mitigate and adapt to climate change,"* and *"transform our waste system to enable a circular economy."* We will also take every opportunity to apply each of the strategic approaches.

The following shows how we have used the strategic priorities and applied the overarching principal options to identify specific options to address the key issues for this activity group.

- Prioritising growth areas and changing demand – Higher standards to meet for Wastewater Global Consent. At times of heavy rainfalls enter our wastewater network which often leads to wastewater overflows into freshwater or marine environments. This is a compliance and environmental issue which will be addressed in the new global consent which has been lodged by Wellington Water with the Regional Council. This new consent will result in more stringent consent conditions and will mean additional costs when improving the network to ensure our overflows are mitigated. Once finalised we will be in a better

position to understand options around investment requirements, but it will likely require a holding tank to contain overflows within a key strategic part of the network. This is expected to be by 2024-2025 and will help to inform the next LTP. Assumptions have been made and included in the planning of the maintenance and renewals activities.

- Targeting emissions reductions to the greatest gains and operational efficiency – We have prioritised completion of the sludge minimisation facility to remove sludge from the landfill. We will also prioritise building capacity in the network to remove overflow into the stormwater system and improve the health of our waterways.
- Grow our understanding of adaptation impacts and costs – As we find and repair leaks in the wastewater pipe network, we will seek to understand the sea level rise issues and include any mitigation as we go.
- Prioritising interventions and the work programme for affordability – For operational and financial efficiency and overall affordability, we will prioritise repairing and replacing assets in very poor and poor condition and highest criticality.

Issues and options¹⁰

Issues	Options	Decision Date	Delivery Timing	Costs	Risks and Implications
Aging assets and significant wastewater overflows The wastewater network is aging and will require prioritised renewals. During heavy rain events, stormwater gets into the wastewater pipes through inflow and infiltration, which can overwhelm the network and result in wastewater overflows.	Ongoing repairs to maintain the wastewater network. Prioritised renewals throughout the wastewater network Critical renewals include: ■ Eastern Trunk Main ■ Airport wastewater treatment triplicate interceptor ■ Pump station renewals	Ongoing annual investment will be required	2024/25	\$52.9m	Raw sewage would enter the centre in a collapse. The Airport has started redeveloping the logistics centre and the risk collapse through construction is expected to increase. There is a contingency in place to pump sewage around the site if a collapse occurred, but this would be an OPEX cost to Council. As with the Eastern Trunk Main, the inside of one of the pipes at the airport is corroding and it is at very high risk of collapse. Collapse will result in sewage spilling out through the Airport and Kilbirnie in wet weather. Would be inefficient to renew this section in isolation of the other sections. Some procurement issues securing a contractor to do the work. Pump stations are critical assets that need a replacement plan to avoid asset failure. Failing to plan increases risk of wastewater overflows impacting the environment and public health.
Carbon emissions and constraints on waste minimisation - Our efforts to minimise waste and reduce carbon emissions at the Southern Landfill are hampered by the wet sewage sludge disposal there. The Sludge Minimisation Facility is being constructed. It will remove residual water from the sludge, reduce its volume, render it inert and no longer a biohazard. It will reduce sludge volumes by up to 80%.	This option was consulted on in the 2021 LTP and is currently under construction.	2021	2023-2026 Operational by June 2026	\$400m	This is a significant step in our efforts to reduce emissions and move towards a circular economy.
Wastewater Treatment Plants are aging The Moa Point and Western Wastewater Treatment Plants require significant renewals as many of these assets are at the end of their useful life. Without renewal they are operating under a reactive approach and things are only fixed or replaced when they break. There is little redundancy in the system making repairs difficult.	Invest to meet compliance requirements (Adopted). Invest to meet compliance and growth requirements.	2024	2024-2027	\$72m over 3 years.	Reactive asset replacement results in an extend period of non-compliance, odour issues and impacts to water quality while design is completed, and parts are procured.

NOTE: Dollar amounts are indicative for out years and will be refined as more information is available and the implementation period draws closer.

¹⁰ Due to LWDW reform, Council's preferred option assumes that from 1 July 2026 ownership of and responsibility for three water assets will no longer rest with Wellington City Council.

Wastewater Activity Opex and Capex forecast¹¹

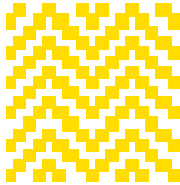
Year	Operating Expenditure ¹²	Capital Expenditure
2024/25 ¹³	102,092,128	169,364,691
2025/26	119,568,995	238,671,425
2026/27		24,017,301
Total	221,661,124	432,053,417

Figures are inflation adjusted

¹¹ Due to LWDW reform, Council's preferred option assumes that from 1 July 2026 ownership of and responsibility for three waters assets will no longer rest with Wellington City Council.

¹² This includes the total cost of asset ownership including depreciation, Insurance and interest costs on top of the funding that we provide Wellington Water Limited.

¹³ The 2025 Budget figures reflect the impact of the Long-Term Plan Amendment and capital rephasing approved by the Long Term Plan and Financial Performance Committee on 22 May 2025



Stormwater drainage

This information underpins the current approach to investment planning, asset management planning, asset renewals and infrastructure project delivery. Council's preferred option assumes that ownership of and responsibility for water assets will no longer rest with Wellington City Council from 1 July 2026.

Strategic direction

Historically, the purpose of our stormwater system has been to drain rainwater from homes, premises, and roads to prevent flooding that creates risks for public health and safety. The physical assets include pipes, culverts, and sumps, but the performance of the system is also highly dependent on the overland flow paths, open channels and streams that carry the water around rather than through individual properties, and enable the safe passage of stormwater when the pipe network is at capacity.

Streams have also been piped over time to enable the development of roads, buildings, and other city infrastructure. The stormwater systems in the city have been designed to several standards accommodate certain volumes of

rainfall, meaning that some parts of the city are more prone to flooding than others.

Traditionally, stormwater has been about gravity drainage of rainwater. Increasingly however, it is also about water quality and environmental concerns, such as fish passage and a desire to 'daylight' pipes streams. This is a challenge to the traditional asset management approach.

A further challenge is the changing climate and sea level rise. The existing assets were not designed with these changes in mind, and therefore the stormwater network is increasingly unfit for purpose. Seawater intrusion is now significant, and we need a greater level of granularity to understand how to meet this challenge now and into the future. For example, we will need to pump more stormwater in future. The current setup was not designed as a pressurised network.

The existing stormwater systems discharge directly into the environment, but it is now recognised that stormwater is a source of contaminants that can impact on water quality and ecosystem health. Heavy metals (such as zinc and copper), hydrocarbons, sediments and

nutrients enter the water from areas of urban development causing acute and chronic toxicity to the indigenous fish and invertebrates that once thrived in our city's waterways. Changes in flow during low to moderate rainfall can also cause erosion in streams, and the discharge of 'hot' stormwater in summer rainfall can be detrimental to downstream ecosystems.

Taken all together, the adverse environmental impacts of the stormwater system can extend through the entire stream system to the harbour, where sediments smother life on the seafloor. Wastewater that enters the stormwater system either through leaking wastewater pipes, constructed overflows from the wastewater network or illegal connections, creates a significant public health risk and prevents safe swimming in our streams or coastal waters following even moderate rainfall. It also impacts on the aquatic life and biodiversity of these water bodies. These matters need to be addressed in response to the National Policy Statement for Freshwater for the network to be compliant. This will require significant investment, including in nature-based urban environment solutions.

Asset overview

Our assets are valued (Optimised Replacement Value) at approximately \$2,342 million as at 30 June 2023 and include:

- 729km of pipes
- 3km tunnels
- 2 Pump stations
- 28,000 fittings

Asset condition and lifecycle

15.5% of stormwater pipes network are estimated to be in poor or very poor condition. However, the level of confidence of this information is low, due to the lack of on-site condition assessment. This means that there is a high level of uncertainty in planning and forecasting maintenance and renewals.

Building assets are managed in SPM Asset Software. This includes individual asset records, asset registers, condition data, lifecycle analysis and reporting functionality.

Based on the desktop assessment and the VHCA work, an estimate of the relative condition of assets is shown in the graphic on the next page.

Figure 7: Stormwater Pipe Network Condition

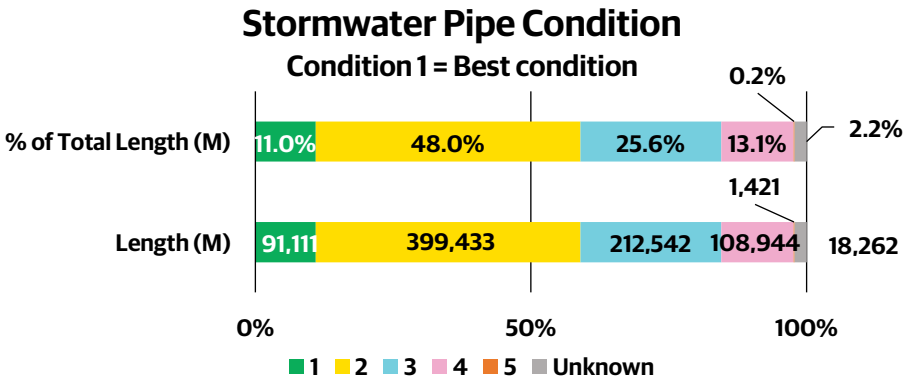
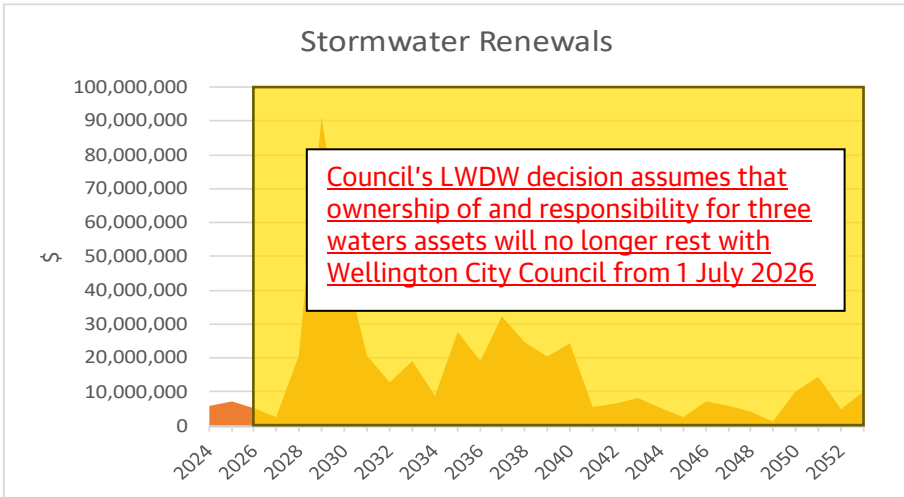


Figure 8: Stormwater Renewal Profile, including the removal of funding due to the Local Water Done Well reform¹⁴



¹⁴ Due to LWDW reform, Council's preferred option assumes that from 1 July 2026 ownership of and

responsibility for three water assets will no longer rest with Wellington City Council.

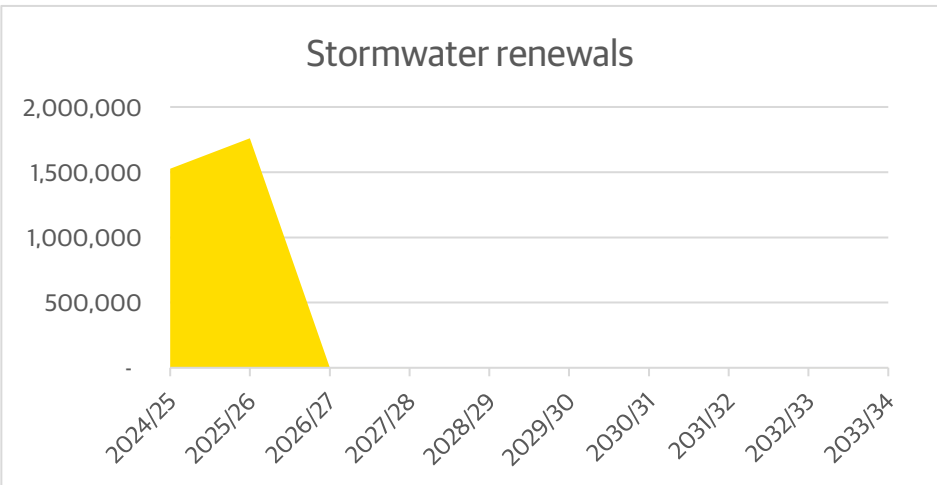
Level of service and performance

The stormwater network, while old, still generally performs as designed. Stormwater is discharged into the surrounding natural waterways and then the harbour and sea. There are instances after rainfall events when stormwater is contaminated, and the sea and waterways become polluted resulting in some temporary closures. Environmental standards and community expectations around water quality have changed since the network was built and to meet those will require more education and improved infrastructure.

There are small number of areas in the city that are also impacted by

flooding in high rainfall events. This is exacerbated when the rainfall events coincide with high tides. Climate change will result in more frequent high rainfall events in the city which means that additional investment will be required in the stormwater network over the next 30 years.

In high rainfall events stormwater enters the wastewater network causing overflows which impacts streams, the marine environment, and low-lying habitats. Decisions taken as part of the 2025/26 Annual Plan include an increase in funding for 2025/26 to continue the increased investment in addressing 3 Water infrastructure challenges.



Key challenges

This activity group is affected by all the identified key challenges.

- Population growth and changing demand – Where and how we design additional housing has a significant impact on our stormwater network and to some extent has been managed through our Proposed District Plan, using hazard mapping and requiring on-site containment. We know that Tawa suffers from extensive flooding due to its topography and overland flow path restrictions and that there is a lack of a capacity in the Porirua Stream. We also know that there are areas that are already flooding due to undersized pipes. New legislation will have an impact on the stormwater level of service. The Greater Wellington Region Council (GWRRC) Natural Resources Plan gives effect to the National Policy Statement – Freshwater Management via Whaitua te Whanganui-a-Tara ('Whaitua'). This will in turn require improvements in and stormwater contaminants. The status quo will not satisfy these increased requirements. This links to our investment in wastewater and is a significant strategic driver of change across this sector. Green infrastructure will also need to be factored in more to help manage

stormwater runoff in terms of quantity and quality.

- Aging and declining condition of infrastructure – The stormwater system was designed for weather patterns that at that time did not consider global warming and sea level rise, as it was not on the radar. Future investment will need to ensure that stormwater pipes are appropriately sized to accommodate changing needs.
- Mitigation and adaptation to climate change – Stormwater is closely linked with roading, flooding and land use. With climate change, stormwater management is likely to be a constraint on the future shape of Wellington. The challenges with managing stormwater are expected to increase over time as the frequency of heavy rain events increases, sea level rise makes it more difficult for stormwater to discharge, and as growth and intensification reduces ground permeability and impacts on overland flow paths. Historically, our stormwater planning has not been cognisant of climate change challenges such as more intense rainfall and sea level rise. Our stormwater outlet systems are becoming less effective within our harbour due sea level rise within low lying land.

- Earthquake hazards and earthquake prone buildings – The ground our three water assets are in are subject to earthquakes and other natural hazards which leaves them vulnerable to disruption. Several earthquakes have also contributed to damage of many assets.
- Affordability and deliverability – The volume of work needed to keep pace with the aging assets and growth is unaffordable under the current funding environment. Furthermore, the capacity of the construction market to deliver is limited. Additionally, due to changing standards the requirements and costs for gaining resource consents is becoming more challenging and expensive.

Principal options

This activity and related solutions primarily contribute to the priority *"fix our water infrastructure and improve the health of waterways."* There is also a strong contribution to *"collaborate with our communities to mitigate and adapt to climate change."* We will also take every opportunity to apply each of the strategic approaches.

The following shows how we have used the strategic priorities and applied the overarching principal options to identify specific options to

address the key issues for this activity group.

- Prioritising growth areas – We will prioritise investment in stormwater filtration and flood protection in conjunction with or ahead of transport infrastructure investment, public realm upgrades or housing development.
- Targeting emissions reductions to the greatest gains and operational efficiency – For operational efficiency, we will prioritise investment in stormwater filtration and flood protect in conjunction with or ahead of transport infrastructure investment, public realm, or housing development.
- Grow our understanding of adaptation impacts and costs – We will focus on understanding where the greatest flooding risks are and prioritise investment in nature-based solutions and flood containment in those areas. We will continue working with Wellington Water to better understand our current risk exposure to coastal hazards, and how adaptation planning can be integrated into renewals.
- Prioritising interventions and the work programme for affordability – We will prioritise repairing and replacing assets in very poor and poor condition and highest criticality.

Issues and options¹⁵

Issues	Options	Decision Date	Timing	Costs	Risks and Implications
Aging assets and level of service Council's existing asset infrastructure is aging and becoming less reliable resulting in decreasing levels of service and increased reactive interventions. Wellington's population is growing and demands on infrastructure are increasing, resulting in greater investment required to maintain levels of service.	Do nothing- not renewing core infrastructure assets does not meet Council's statutory obligations. Selective renewal – choosing not to renew assets due to a change in demand, level of service or the asset is no longer needed. Prioritised renewal – based on condition assessments indicating sufficient life remaining in an asset to maintain levels of service. (Adopted)	Ongoing annual investment will be required	2024/25	\$3.7m	Prioritised renewal based on condition assessment is an effective way to manage a network.
Resilience to natural hazards Wellington's stormwater infrastructure faces growing issues associated with climate change impacts including sea level rise (as well as sinking vertical land movement along much of Wellington's harbour and South Coast), storm surge and inland flooding. The exposure to these issues is exacerbated by earthquake/liquefaction events.	Strategic decisions on how we address climate related risks and adaptation are needed before options for each location can be identified.	TBC	TBC	TBC	Climate related risk is a consideration for resilience and growth aspirations. A coordinated strategic approach is needed.

NOTE: Dollar amounts are indicative for out years and will be refined as more information is available and the implementation period draws closer.

Stormwater Opex and Capex forecast¹⁶

Year	Operating Expenditure ¹⁷	Capital Expenditure
2024/25 ¹⁸	46,094,907	3,571,115
2025/26	56,300,401	5,654,802
Total	102,395,308	9,225,918

Figures are inflation adjusted

¹⁵ Due to LWDW reform, Council's preferred option assumes that from 1 July 2026 ownership of and responsibility for three waters assets will no longer rest with Wellington City Council.

¹⁶ Due to LWDW reform, Council's preferred option assumes that from 1 July 2026 ownership of and responsibility for three waters assets will no longer rest with Wellington City Council.

¹⁷ This includes the total cost of asset ownership including depreciation, Insurance and interest costs on top of the funding that we provide Wellington Water Limited.

¹⁸ The 2025 Budget figures reflect the impact of the Long Term Plan Amendment and capital rephasing approved by the Long Term Plan and Financial Performance Committee on 22 May 2025

A further note on mitigation and adaptation to climate change

This will become more of an issue for the Council in the stormwater space due to low lying land, increasing rainfall and need to protect overland flow paths.

There could be a cost of between \$1.83 billion to \$763m over the 30-year horizon. There are well known flooding issues in Tawa due to lack of existing capacity, restricted overland flow paths and flooding from the Porirua Stream. Flooding also exists in Johnsonville, CBD and Newtown.

Between now and the next LTP we need to:

- Develop a WCC strategy for addressing climate adaptation and resilience (for example managing sea-level rise).
- Investigate more non-engineered solutions such as minimum floor heights, blue green solutions such as daylighting streams and other measures to reduce run off and store flood flows in dual use locations eg: parks.

Delaying significant stormwater work presents a risk of diminishing return on stormwater mitigation solutions due to climate change effects. For example, for a 50-year return period for flood mitigation control may equate to a much lower return period of control in the future.

Waste

Strategic direction

Our modern way of living, dependence on resource use, and unsustainable practices are causing environmental harm. In 2021 Wellingtonians disposed 418kg of waste per person. As a city, this is in the midrange for waste per person compared to other cities in NZ and internationally.

We have recently published a Zero Waste Strategy, defining our role in waste, and recognising the need to set a pathway for intergenerational sustainability, design waste and pollution out and keeping resources in use for as long as possible. We also work with other councils in the region and jointly developed a Regional Waste Management and Minimisation Plan. Our strategy and the regional plan both outline a shift from managing waste to preventing waste, reuse of resources and recycling and is aligned to the Ministry for the Environment's Waste Strategy.

Efforts to achieve our objectives have been hampered by the sewerage waste being disposed into the landfill, with a condition that sludge must be mixed 1:4 with solid waste for stability. Last LTP we consulted on options to manage sludge

differently. We are now building a sludge dewatering plant which will remove at least 80% of sludge to the landfill, and there are potential opportunities to make use of the organic waste product that may eliminate sludge in the landfill altogether. To invest in this facility quickly, the council has utilised the Infrastructure Funding and Financing (IFF) tool.

This enables us to focus on removing other waste types from the landfill:

- Organic waste
- Construction and demolition
- Plastics, packaging, and consumables.

Asset overview

Our assets are valued (Optimised Replacement Value) at approximately \$54.9 million as at 30 June 2023 and include:

- The Southern Landfill
- Capital Compost (composting facility)
- The Tip Shop and Recycle Centre

Critical assets have been identified at the landfill based upon impact to the provision of the landfill as a service, as well as economic, social, cultural

and environmental impacts. These critical assets include the following:

- Landfill Access Road
- Leachate Collection System
- Stormwater Control System
- Weighbridge and Associated Software
- Landfill Tunnel

Asset condition and lifecycle

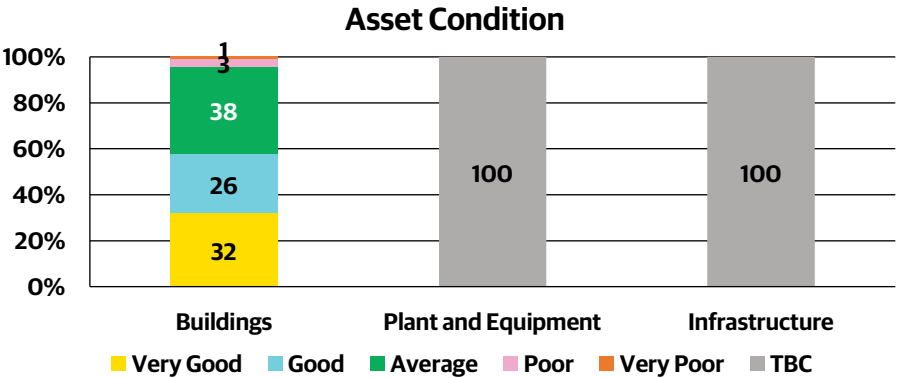
Overall data confidence for the Solid Waste portfolio is rated as "C - Medium". Whilst recent condition assessments have provided visibility of the built section of the portfolio, there is missing information for plant and equipment and infrastructure in a structured format. Knowledge of the

condition of these assets is largely known – and associated renewal costs planned for, however this information does not exist in an asset information system.

Asset data pertaining to the Solid Waste portfolio is maintained primarily within WCC's Asset Management Information System. Plant and Equipment and Infrastructure assets are recognised as an unknown condition, noting that there is an improvement plan to better capture this data.

The condition of known assets is primarily in the average to very good range, with only 4% of these assets rated as poor to very poor. 58% of these assets are expected to have in excess of half of their useful lives remaining before renewal is required.

Figure 9: Solid Waste Asset Condition



How we forecast Asset renewals

Renewals of assets within the solid waste activity are driven from data, and BU knowledge. Recent comprehensive condition assessment of the vertical infrastructure provides real confidence in forecasting renewals based on age and performance and is reflected in the financial forecasts for the business. Plant and infrastructure (principally access roads and the landfill) are forecasted by the BU within this LTP based on working knowledge and the requirement to continue service. Detailed lifecycle forecasts are captured and provided in the financial section of the Asset Management plan and summarised in the financial section of this document.

Asset Lifecycle

Asset lifecycle analysis has been undertaken for the built portfolio of the landfill, with both an unconstrained and constrained approach, to determine the level of risk in deferring renewals. The constrained scenario is based upon funding 75% of required renewals from 2024 until 2034, with any deferred renewals over this period to be funded and spread across years 2034 to 2044. The level of risk associated with deferral of these building related renewals is considered to be low, with the majority of assets still remaining within an average to very good condition rating across the deferral period as illustrated in the two expenditure scenarios below. However, there are some key assets that are significant items that must be appropriately funded.

These have been funded at 100% - Carrey Gully tunnel (\$9m) and compost screen (\$300k) and compost shredder (\$700k).

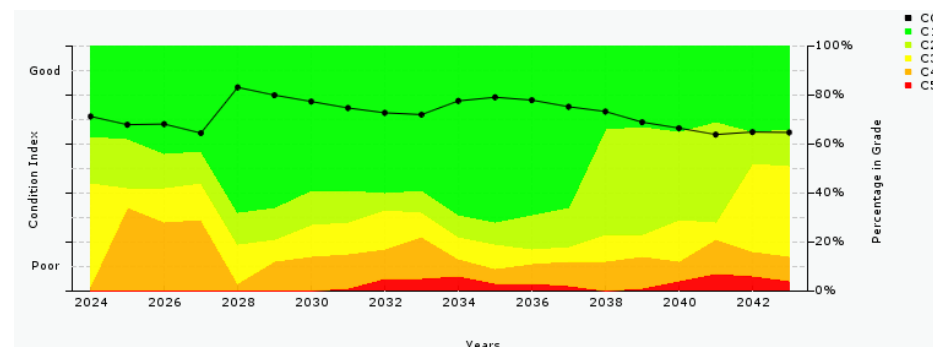


Figure 10: Solid Waste 20 Year Asset Lifecycle Analysis - Unconstrained Expenditure

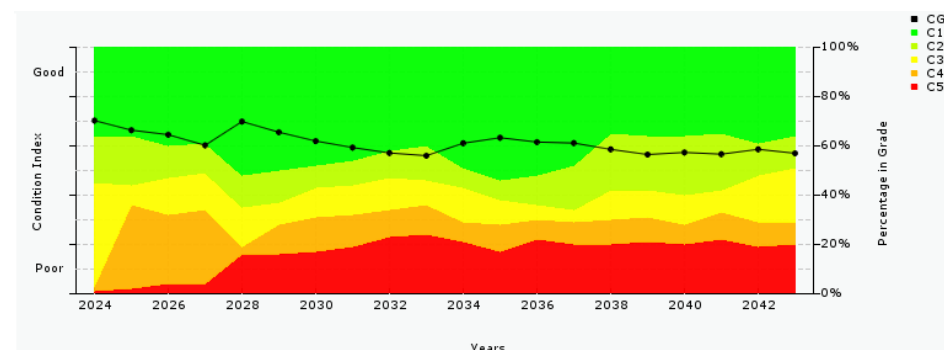


Figure 11: Solid Waste 20 Year Asset Lifecycle Analysis - 75% Constrained Expenditure

Level of service and performance

Over two thirds of Wellingtonians are satisfied with recycling and waste collection services. The current service is supported by the Southern

Landfill, a gas capture system that is performing well, a composting facility, and the recycling centre and tip shop. While the existing service and assets are performing well, Council's Zero Waste Strategy proposes a higher level of service for Wellingtonians for the future that removes organic waste, construction and demolition, and plastics, packaging, and consumables from the landfill. This will require a different approach to waste. The funding model needs to be updated, and additional investment will be required for new facilities.

Council's role

The Council has a legislative role to manage and minimise waste. This activity is inextricably linked to national regulations. We cannot just set bylaws to stop businesses producing waste, we must take collective ownership of the problem and support businesses and residents

through a hierarchy of interventions, as illustrated.

These assets enable provision of waste disposal services, and services enabling the diversion of waste from landfill. Council contractors and private operators provide kerbside collection services.

We also raise awareness on how to avoid waste, and we fund businesses to implement change that reduces their waste creation or contributes to the circular economy.

Key challenges

This activity group is affected by all the identified key challenges.

- Population growth and changing demand – The city's population is growing which will place greater pressure on the existing waste system in the years ahead.
- Mitigation and adaptation to climate change – Community expectations are changing and want a system that is international best practice and supports them to be more environmentally sustainable. Approximately 80% of the Council's emissions are from the landfill, so focusing on removing decomposing waste is

key to reducing our emissions. To achieve that we need to shift from a model that manages waste to a system that enables people to avoid waste going to the landfill in the first place.

- Affordability and deliverability – The processes and infrastructure are not in place to deliver our ambition to achieve a circular economy. It is expensive to invest in residual waste processing and disposal options. Big waste asset investments are needed at a time where both the council and the community have affordability constraints.

Principal options

This activity and related solutions primarily contribute to the priority *"transform our waste system to enable a circular economy."* There is also a strong contribution to *"improve the health of our waterways."* We will also take every opportunity to apply each of the strategic approaches.

The following shows how we have used the strategic priorities and applied the overarching principal options to identify specific options to

address the key issues for this activity group.

- Targeting emissions reductions to the greatest gains and operational efficiency – As per our Zero Waste Strategy, we will focus our efforts on reducing waste, by investing in plant and infrastructure that reduces waste, particularly organic matter.
- Grow our understanding of adaptation impacts and costs – As residents and businesses become more capable of functioning without private vehicles, alternative was to enable access to recycling and waste management facilities becomes even more important. We will prioritise ensuring we have the right collection models to support the changing city.
- Prioritising interventions and the work programme for affordability – We have prioritised waste management and minimisation activities that avoid, reduce, and repair, repurpose and recycle. Where available we will seek central government funding that enables this transition.

Issues and options

Issues	Options	Decision Date	Delivery Timing	Costs	Risks and Implications
Organic waste There is increasing community expectation that councils provide organics waste solutions for households and businesses, to help reduce emissions and improve environmental outcomes. Organic waste contributes significantly to landfill emissions. We do not currently collect organic waste and have no local bylaws placing expectations on our residents. Not everyone can compost their organic waste in place. To address this, local authorities can intervene by investing in facilities to process organics on a large scale and then sell the nutrient rich products to support local food production, nature reserves, parks, gardens, and other green spaces. A business case is in progress to identify options for processing organics. Decision for progressing investment needs to be made in 2024.	Investing in large scale organics processing, supplemented by local community composting (Adopted - \$50k-\$150k will be used from the Waste Levy Fund for years 1-3 to support community compost hub providers). Do nothing	2024	Design - 2025 Delivery - 2025-2027	\$3m \$23m	Difficult to acquire suitable land. Collection service will also need to be reviewed to support the service. We will need to utilise funding options from central government to deliver required system changes. We will need to get commercially savvy with investments in waste solutions.
Managing waste and servicing businesses and communities as we intensify the city. We currently only offer a rubbish bag and recycling bag or bin collection for residents, plus glass crates. The current system does not sufficiently separate different waste types. A decision is needed in 2024 and cannot be made without the organics waste decision first.	A new waste system that provides a broader range of bins for collection of waste, cardboard, plastics, cans, glass, and organics to allow for improved separation of waste (Adopted). Do nothing	2024	2024-2026 2039-2041	\$10m \$15m	The design of the new collection system needs to manage safety and accessibility and enable contractors to collect the bins effectively. Multi-unit developments will need careful consideration. This is further complicated with the wind and topography of Wellington making it a difficult challenge. The proposal to introduce a container return scheme (CRS) in New Zealand has been paused with no clear timeline for finalising the scheme design. Any decision about future collection services should consider the flexibility to respond to the potential introduction of a CRS.
Construction and demolition waste Construction and demolition waste can include timber, concrete, glass, steel, brick, packaging, metal, plasterboard, and other items. While it only makes up 7% of the Southern Landfill disposal, there are other commercial landfills taking	Supporting commercial entities to start up, through regulations, brokerage, and land zoning.		N/A		Assumes commercial viability, and no significant capital investment from the Council.

Issues	Options	Decision Date	Delivery Timing	Costs	Risks and Implications
the bulk of this resource in Wellington. Construction and demolition waste makes up 40-50% of New Zealand's waste. Construction and demolition landfills in Wellington are reaching capacity, and a large volume of construction and demolition waste is unnecessary. We lack the regulation and infrastructure to support materials separation and processing at scale. Landfilling construction and demolition waste contributes to carbon emissions and is seen as a waste of materials. Reuse and recycling can significantly contribute to the prevention of the need for new materials. We do not see the council being the key operator in this space. However, if the market does not provide this WCC will need to work with other councils and private operators across the region to provide a solution.					
Plastics, packaging, and consumables Plastic, textiles, paper, cardboard, and e-waste make up a combined 20.6% of waste to the Southern Landfill. All this waste could be re-used, repaired, repurposed, or recycled. However, we do not currently have sufficient infrastructure to enable this. With higher community expectations council is looking to the market to provide the necessary infrastructure in the future. A decision is needed by 2030.	Supporting commercial entities to start up, through regulations, brokerage, and land zoning.		N/A		Assumes commercial viability, and no significant capital investment from the Council.
Lack of cleanfill capacity Wellington regional has limited cleanfill capacity and new options are essential. Options could include partnerships, or leases to private contractors. Commercial establishments typically own cleanfill. WCC has commenced a cleanfill. However as there is limited capacity this is a short to mid-term solution. If the market does not provide a solution, the Council will need to consider further intervention options by 2025.	Supporting commercial entities to start up, through regulations, brokerage, and land zoning.		N/A		Assumes commercial viability, and no significant capital investment from the Council.
Long term landfill capacity Growth in population and economic activity is likely to drive up overall household waste generation. We need to actively pursue interventions that avoid waste generation, and enable repair, repurposing, reusing, regenerating, and	Southern Landfill Extension Piggyback Option (SLEPO) Parts A-D will provide 2.2 million cubic metres of	2023	Parts A&B 2022-2028	\$36m	Monitoring of capacity will be ongoing. We will require a decision for future capacity needs by 2029/2030

Issues	Options	Decision Date	Delivery Timing	Costs	Risks and Implications
recycling, as per our Zero Waste Strategy. However, we will continue to need safe disposal of items such as hazardous waste. Our current landfill is consented until June 2026 and will be reaching capacity by then. In the short term, in addition to removing sludge from the landfill, we have taken the decision to extend the current landfill providing capacity beyond 2026. However, in the longer term there is likely to be the need for additional landfill capacity.	landfill capacity, sufficient for 20 years at current rates. Parts A & B, approved by Council in February 2023, to be consented, constructed and operational by June 2026	TBC	Parts C&D timing tbc	Parts C&D will require additional funding - costs tbc	Capital funding of \$54.5m to extend SLF is provided for in the LTP, Parts A&B will cost \$36M. Timing for Parts C&D to be confirmed and subject to future funding approval
Carey's Gully tunnel strengthening A tunnel runs north to south underneath the Southern Landfill, channelling water from Carey's Gully stream upstream of the landfill under the landfill before discharging it downstream meeting Owhiro stream. With the decision to extend landfill capacity via SLEPO, rather than extend the Southern Landfill further into the gully, this tunnel will be required in perpetuity, and it has been identified that work is required to ensure the tunnel meets static and seismic resilience requirements.	Tunnel strengthening works are being designed and costed, and will be finalised following a detailed survey of the tunnel, scheduled for December 2023 Option for taking at 75% renewals reduction is not available for this asset. (Adopted)	2027	Timing tbc	Estimated \$9m	Included in LTP and will be funded via closed landfill provision (\$2.4M). The balance of the \$9m has been signalled as a costs pressure in the AMP. The \$9m is an indicative cost estimate provision only. The detailed cost will be determined in 2024 once further tunnel investigation and detailed design works have all been completed. Tunnel strengthening works and the timing of this will be a condition of the SLEPO resource consent.
High cost of waste asset maintenance and renewals The current renewal requirements are substantial and cannot be fully funded if the Council is to operate within the limits identified in the Financial Strategy. Funding waste asset renewals targeted 75% of unconstrained budget for years 1 to 10.	For affordability, reduced funding in years 1 to 10, resume to 25% from year 11 to 20. (Adopted)	2024	2024-34 2034-44 2044-54	\$14.1m \$5.5m \$7.5m	Deferring 25% of renewals does carry some risk. This will be managed through prioritising where the greatest need is, such as safety and compliance. Carrey Gully tunnel (refer above) and compost screen (\$300k) and compost shredder (\$700k) have been fully funded.
High cost of waste asset maintenance and renewals	Fully fund renewals	2024	2024-34 2034-44 2044-54	\$18.8 \$7.3m \$10m	

NOTE: Dollar amounts are indicative for out years and will be refined as more information is available and the implementation period draws closer.

Waste Activity Opex and Capex forecast

Year	Operating Expenditure	Capital Expenditure
2024/25 ¹⁹	35,930,054	9,493,989
2025/26	37,448,397	16,614,982
2026/27	40,939,335	35,839,807
2027/28	55,049,819	28,987,460
2028/29	57,720,022	11,159,975
2029/30	61,268,865	5,059,459
2030/31	64,366,249	5,438,921
2031/32	66,414,802	6,951,295
2032/33	68,587,865	7,181,157
2033/34	71,086,026	7,521,200
2034-2039	401,763,194	36,797,627
2039-2044	420,302,165	40,587,947
2044-2049	465,578,024	44,355,907
2049-2054	486,025,600	25,888,273
Total	2,332,480,416	281,878,001

Figures are inflation adjusted

¹⁹ The 2025 Budget figures reflect the impact of the Long Term Plan Amendment and capital rephasing approved by the Long Term Plan and Financial Performance Committee on 22 May 2025

Land Transport

Strategic direction

Transport plays a significant role in shaping what the city is like to live and work in as well as visit – and is a significant contributor to overall quality of life. Our streets are our most significant public spaces and account for almost 50% of the Central City space. Our city is growing which places increasing demand on our transport system and space. Our physical environment is constrained, and we cannot build our way out of this challenge by adding more roading capacity. Our biggest challenges are how to move more people around the city with fewer vehicles and to make sure that our streets are attractive places for people to move through and spend time in.

One of the key mechanisms to help develop a transport system for the future has been to prioritise active and public transport modes over the private vehicle which is essential for Wellington City to:

- Reduce our carbon emissions by increasing mode shift away from reliance on private vehicles.
- Greater liveability, including enhanced urban amenity and

enables urban development outcomes.

- Build resilience and adaptability to reduce disruptions and future uncertainty.
- Have a more efficient and reliable transport network.
- Improve road safety for all users.

The transport activity has historically been subsidised by approximately 51% through The New Zealand Transport Agency (NZTA) approved programmes. Investment in transport therefore must align to both our own strategies, and to the Government Policy Statement on Land Transport and the Regional Land Transport Plan. Alignment is important to achieve funding approvals.

Changes in government often results in swings to different policy settings, resulting in the need to rethink or rephase our investment activities. There is a strong investment focus on optimising investments over time and decisions based on achieving long-term value for money.

National Land Transport Plan funding allocated to the Council for 2024 to 2027 was lower than assumed in the 2024-34 LTP. This has resulted in a shortfall of revenue of approximately \$68m over years 1-3 of the 2024-34

LTP. This means some priorities and outcomes will take longer to achieve than originally envisaged. The capital programme review as part of the Long-term Plan Amendment propose savings in the same areas that received a reduction in funding. The changes mitigate the lower funding and make additional savings towards increasing our debt headroom.

The transport network is connected to the regional and national transport network, and we must also work closely with our neighbouring councils and NZTA to coordinate our investments.

Wellington's local transport network is on difficult terrain – it is steep, winding with lots of tight corners, narrow, old and is exposed to extreme natural events such as earthquakes, slips and storms.

The Council adopted the Sustainable Transport Hierarchy together with Te Atakura, which places walking, cycling and public transport as the top of the transport hierarchy for the city. To implement this and reduce our carbon emissions, the city's transport upgrade programmes and projects focus on system change to enable active and public transport solutions. The ongoing maintenance and renewals programmes are

increasingly incorporating build back better initiatives where possible to complement this changing focus. We are committed to the mode shift programme, as it is integral to better outcomes for the environment, community, and economy.

Asset overview

Our assets are valued (Optimised Replacement Value) at approximately \$2,494 million as at 30 June 2023 and include:

- 904km of footpaths
- Over 19,000 streetlights
- 3755 structures
- 700km roads
- 40km bike lanes
- 2km bridges and tunnels
- 200 seawalls
- 8km bus priority lanes

Asset condition and lifecycle

Data confidence for the Transport portfolio is rated as "A - Very High" There is a minimal level of uncertainty with recent and ongoing assessments of data taking place for the entire portfolio. The dataset is maintained and audited regularly and

is in line with national standards and expectations for NZTA.

Asset data pertaining to the Transport Portfolio is maintained within WCC's Transport Asset Management System RAMM. The data has been aggregated into common groupings representative of the primary services they deliver across the network.

How we forecast Asset renewals

Renewals of assets within the Land Transport activity are driven from data and through the use of modelling combined with criticality

(lifelines for example) and level of service required. The RAMM database is continually updated with network inspections and work completed. The modelling is field verified to validate the program of work. Programs are considered under a whole of life cost model which is currently overlaid by budget constraints. Budget constraints can lead to higher overall cost as we are effectively moving investment into later years. Lower renewals generally means an increase in maintenance in future years. The confidence in our data allows the Land Transport team to schedule maintenance and renewals with confidence and accuracy to meet the

networks' needs. Lifecycle forecasts are captured and provided in the financial section of the Activity Management plan and summarised in the financial section of this document.

Across transport network assets the Council has high confidence in the quality of information of asset condition and its ability to prioritise renewal spending where the greatest need is, such as, safety, resilience, connectivity, and mode shift. In addition to prioritisation, transport delivery are able to seek value for money options through good procurement practices and review programme options for more cost-effective options and partnering with suppliers. For each asset within transport, choices have been made to balance this budget. Overall, the 75% renewals target was not able to be achieved in transport.

- Road Surface - Overall condition of the road surface is good, and a reduced funding level can be managed, accepting some deterioration, and increased safety risk.
- Pavement - Taking 75% approach to the pavement condition presents a high safety risk, and the decision has been taken to invest at 100% to maintain the asset and safety is not compromised. The damage being caused by heavy

vehicles and the double decker buses was also a factor.

- Footpath - There is a small increase in trip hazards, but safety can be maintained at a reduced funded renewal programme. A trend of underspending has also been factored in.
- Drainage Assets - Ineffective flood management would occur with a reduced renewal reduction, so the decision has been taken to fully fund drainage asset renewals.
- Structures and Structural components - There is a need to improve the asset condition of structures, however there is some concern about the confidence in delivering an increased programme. A middle ground has been taken to maintain asset condition, without compromising safety or seeing a reduction in levels of service. The priority of the funding is on resilience.
- Traffic Services Assets - A full reduction in budget would result in increased safety risks and deteriorating condition. A middle ground was agreed with these assets.
- Cycleways - A significant reduction in cycleway renewals was agreed, accepting a deteriorating condition and increased safety risk.

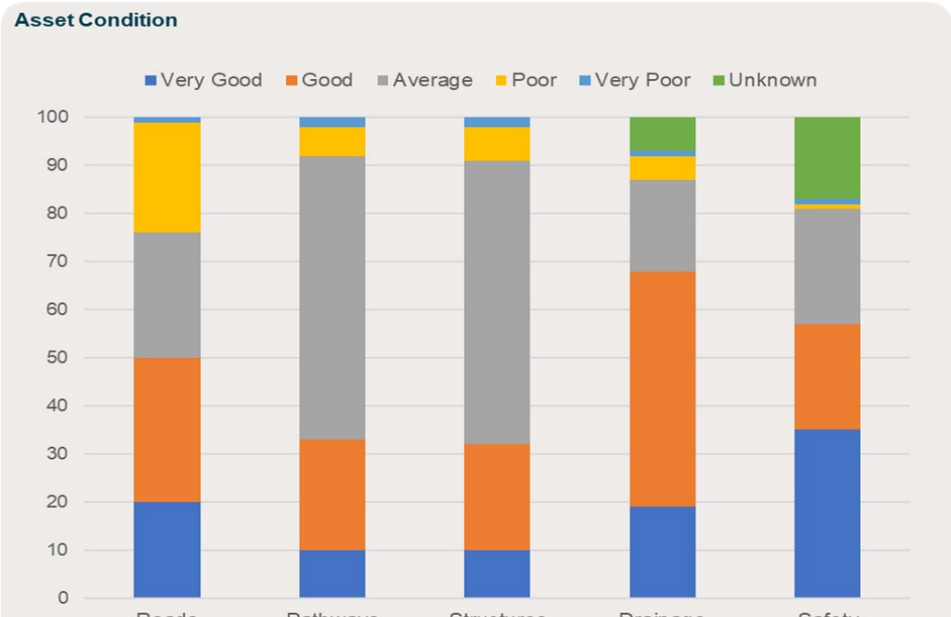


Figure 12: Land Transport Asset Condition

Level of service and performance

At a high level, the city's transport system is generally performing adequately from safety and accessibility perspectives. Asset condition is acceptable with investment based on known parameters. Many of the monitored levels of customer satisfaction are showing a slow downward trend but this runs counter to asset condition which for many assets is stable.

Wellington is a compact city where cycling and walking are a preferred travel mode for a dedicated segment of the community for shorter trips. Public transport, delivered through an extensive bus network commissioned by the regional council, combined with trains to the north is a vital transport mode for many commuters. Capacity and reliability have impacted the bus service, but reliability and patronage is increasing again post Covid.

Travel times are modest outside peak congestion times, and the traditional congestion periods are more muted with greater take-up of working from home and flexible working arrangements in recent years (circa 15 percent of the city's workforce works from home per weekday).

As a city with a growing population, and limited space, we must make

best use of existing transport corridors to accommodate population and business growth. Investment is planned for the cycling, walking and public transport networks to accommodate this growth and meet our city liveability and carbon goals.

It is assumed despite some rephasing and rescoping of projects, material changes in levels of services are not expected as a result of the Capital Programme Review or loss of NLTP funding.

Council's role

Our role is to provide the infrastructure necessary for people to participate in economic, social, and cultural activities. We must do this while protecting and enhancing the natural environment. To achieve this our role extends to:

- Planning, delivering, maintaining and operating our transport system.
- Developing the transport network to meet future needs of the city.
- Supporting the city's public transport network by providing space for the network to run efficiently and encouraging people to use it.
- Ensuring our transport network is safe for all users by making ongoing improvements and

educating and promoting safe behaviours.

- Enhancing the attractiveness of walking or cycling around the city, through urban design, planting, new infrastructure, and promotion of active transport.
- Monitoring different modes of transport, understanding barriers to change, and making it safer, easier, and more enjoyable as well as convenient to walk, cycle and use public transport.

Key challenges

This activity group is affected by all the identified key challenges.

- Population growth and changing demand – Growing traffic congestion and unreliable travel times are an issue. Population growth adds to this problem, especially if we do not provide more efficient ways for people to move around the city and region. Intensification of housing will support reducing the need to travel. But travel is a response to how the city is configured and those outer areas will continue to need to travel by vehicles due to the distance. This configuration is also a contributing factor to sedentary lifestyles and poor public health outcomes. Mode shift is a key response to this challenge, but capital projects
- cause major disruption and some parts of the community challenge the changes. Furthermore, investment in safety interventions is not yet leading to an overall reduction in harm.
- Aging and declining condition of infrastructure – The main issue with aging infrastructure is related to structures. This is the biggest asset value in our transport network. This includes retaining walls, bridges, and tunnels. This does mean an increasing need for investment over the next 10 years.
- Mitigation and adaptation to climate change – The transport sector is a significant contributor to greenhouse gas emissions, primarily from burning fossil fuels in vehicles. Combustion engines also emit air pollutants such as particulate matter and nitrogen oxides which have adverse effects on human health and the environment. Climate change is associated with extreme weather events, posing a threat to infrastructure – coastal roads are at risk of erosion and flooding due to more severe and frequent weather events. These impacts affect planning and maintenance, where stormwater needs alternative management options, and roads, bridges and retaining walls become vulnerable to slips. We need to achieve emissions

reductions while managing growth.

- Earthquake hazards and earthquake prone buildings – Wellington's natural hazards are well known and a major challenge for the city and its infrastructure. The topography of the natural environment and the cut-fill built environment can result in slips, flooding, and liquefaction issues. This can result in disruptions during weather and seismic events. There are also additional costs associated with clean-up after any events as well as proactively making our transport network and associated infrastructure more resilient. The topography and small number of routes available to some areas of the city also creates vulnerability.
- Affordability and deliverability – All these challenges result in increased costs for management and maintenance of our transport network. The current market is very constrained which has resulted in costs escalations. Delivering on commitments in a resource constrained environment can impact response times for some services and customer satisfaction around levels of service. This is requiring more effort from staff to respond to reactive issues.

Principal options

This activity and related solutions primarily contribute to the priority *"transform our transport system to move more people with fewer vehicles."* There is also a strong contribution to *"collaborate with our communities to mitigate and adapt to climate change," "revitalise the city and suburbs to support a thriving and resilient economy and support job growth"* and *"celebrate and make visible te ao Māori across our city."* We will also take every opportunity to apply each of the strategic approaches.

The following shows how we have used the strategic priorities and applied the overarching principal options to identify specific options to address the key issues for this activity group.

- Prioritising growth areas – Transport improvement projects are prioritised in accordance with the spatial plan priority growth areas. This is to enable housing growth and densification while maintaining levels of service for transport access.
- Targeting emissions reductions to the greatest gains and operational efficiency – Transport is a significant contributor to climate emissions. We will focus our efforts on improvements that enable low or zero emissions

transport, which also deliver operational efficiency. This means prioritising public transport, cycling, and walking infrastructure.

- Grow our understanding of adaptation impacts and costs – As we invest in infrastructure improvements, new infrastructure and our maintenance and renewals, we will seek to understand the issues for the area and incorporate adaptation measures.
- Prioritising interventions and the work programme for affordability – Our investments will take a combined approach from managing demand, and optimising what we have, to investing in new infrastructure. We will prioritise public transport by investing in bus priority infrastructure. Public transport and active modes will be prioritised in and around the city and town centres to support economic vibrancy and ease of access. We will ensure we have considered all options and are investing cost-effectively.

Issues and options

Supporting mode shift, improving safety, and reducing vehicle kilometres travelled

The physical transport network in Wellington is constrained due to topographical features and this has guided housing construction. North/south connections are the dominant travel connections with a shortage of east/west connections creating congestion chokepoints resulting in uncertain travel times for public transport, freight, and private vehicles.

Additionally, public transport is not an efficient option for many journeys, so cars remain the most practical mode of travel for many journeys. A key method to reduce congestion is to encourage walking, cycling and public transport, but these options are often not seen as safe enough to be a real option.

In alignment with the Spatial Plan, adapting the Transport Network to reflect the sustainable transport hierarchy is a focus.

As part of the Long-term Plan amendment, we have reviewed the City Streets Project and decided to remove the \$85m budget not allocated to set projects, plus make further savings of \$45.6m to the remaining projects. This makes savings for our capital programme

review and mitigates the lost Central Government funding for this area for years 1 to 3. This will mean no additional funding for any additional key arterial routes in next 10 years other than for the projects below.

The projects below are still assumed to be 50% funded by GWRC.

- Harbour Quays Corridor Bus Priority Upgrades: now providing funding for the interim changes, but not for permanent ones. This is consistent with the Bike Network approach. This reduces the project from \$51.6m to \$10m.
- Eastern Corridor Bus Priority Upgrades: Funding will be removed for the bike, pedestrian and place improvements in the original scope, and instead the Council will only provide targeted public transport improvements instead of ones across the whole corridor. This reduces the project from \$16.5m to \$6m.
- Central City Upgrades – walking and cycling: This is for the Central City cross-city cycleway connection, and pedestrian improvements on Dixon St and Cuba St. The proposal is to continue with the cycleway connection, rephase the Dixon St project to align with the Golden Mile upgrade and rephase Cuba St upgrades to Year 2. This project

remains at \$18.5m but is phased differently across the LTP.

The capital programme review is proposing to change the delivery timeframe for the Bike Network Plan from 10 years to 20 years. In the 2021 LTP the decision was made to accelerate the delivery of our cycle network infrastructure and the Paneke Pōneke Bike Network Plan was adopted in March 2022. The amendment will only complete the Primary Network in 2024 to 34. The Secondary Network will be completed from 2034 to 2044.

We have also reviewed the Thorndon Quay and Hutt Rd project. The roundabout on Aotea Quay will progress, but the Hutt Road portion of the project will be removed, at a cost saving of \$10m.

High cost of transport maintenance and renewals

We have a higher cost of transport road maintenance in Wellington City, relative to other councils with similar transport networks. The sub-structure of Wellington's roads consists of flexible, highly water susceptible clays. This creates issues with the maintenance of the network. The construction of a roading network within the topographical constraints of the area has resulting in the need for a substantial number of structures across the district. This steep topography also requires and

extensive network of drainage assets as we need to control the stormwater runoff. These combined challenges create a cost of maintenance environment which is high and there is no easy solution. High axle loads from electric buses are also leading to accelerated pavement deterioration on bus routes.

We also have an aging asset base which becomes more expensive to maintain while delivering the service levels our customers expect.

Resilience - Slips above and below roads, retaining walls, sea walls and other structures that support our roads.

The condition of our structures has adverse trend as reported by the structures condition assessments over the past five years. Some transport corridors, including critical routes, do not meet current structural codes and therefore present a resilience risk.

As more work is done over coming years to assess infrastructure against new standards, it is highly likely that, yet undiscovered work will need to be undertaken to address resilience issues. Structural upgrades are high-cost items which will add to funding pressures in the future, including where growing climate change adaptation planning is required.

National Land Transport Plan revenue loss and capital programme review changes

Because NLTP funding is lower than was assumed in the 2024-34 LTP, funding reductions are required to the capital programme to ensure there is no impact on Council's debt capacity. However, the LTP amendment also included a review of our capital programme. Therefore, the decisions on any changes to the transport capital programme were made to include both these factors.

Several capital expenditure budgets for transport have changed through rephasing the programme to outer years, rescoping the capital programme, or removing the programme completely. This includes changes relating to the planned capital programme for 2025/26.

The proposed reductions are based on the projects that were in-scope of the capital programme review. Some of these were budget lines that did not received funding through the NLTP or received less funding. We also made reductions to budgets where some funding was received and decided to increase our funding portion for some areas and not reduce them through this process. Adjustments have also been made to savings amounts to reflect the reduced contribution from GWRC with respect to the rescoping of the City Streets Bus Priority projects.

Issues	Options	Decision Date	Delivery Timing	Costs	Risks and Implications
Supporting mode shift, improving safety, and reducing vehicle kilometres travelled	Housing densification - enabled by the District Plan (non-asset solution underway) (part of adopted approach - integrated land use planning)	District Plan to be adopted in 2024	-	-	District Plan: Commissioners make significant changes to the Proposed District Plan through their decisions.
Supporting mode shift, improving safety, and reducing vehicle kilometres travelled	Demand Management - behaviour change programme (non-asset solution, ongoing) (part of adopted approach - managing demand)	ongoing	2024-34	OPEX - ongoing funding through LTP at \$0.4, pa	Demand management: lower levels of infrastructure investment may result in it making more challenging to encourage behaviour change.
Supporting mode shift, improving safety, and reducing vehicle kilometres travelled	Improved cycleways network to support active travel and bus priority interventions to increase PT use. (part of adopted approach - optimising the network)	ongoing	2024-34 2034-44	\$83.9m \$77.4m	Active and public transport: With a change in government, the level of investment aligned to some of Council's priority transport areas has shifted, resulting in lower levels of subsidy and a need to revisit timing assumptions. Implementation of Paneke Pōneke is therefore proposed to be spread over 20 years, rather than the 10 years proposed in the 2024 LTP.
Supporting mode shift, improving safety, and reducing vehicle kilometres travelled	Improved public transport priority and facilities for active travel in streets to and through the central city. (part of adopted approach - optimising the network)	2024	2024-34	\$104.5m	Active and public transport: With a change in government, the level of investment aligned to some of Council's priority transport areas may shift resulting in lower levels of subsidy and a need to revisit timing assumptions.
Supporting mode shift, improving safety, and reducing vehicle kilometres travelled	Increase upgrades funding to do more work sooner.	2024	TBC	Incremental costs above preferred programme levels to accelerate delivery. Up to \$600m across transport upgrade programmes	Dependant on the level of subsidy from the government.
High cost of transport maintenance and renewals	Fund renewals at 75% and seek value for money options through good procurement practices and review programme options for more cost-effective options. Partner with suppliers.	2024	2024-2033 2033-2054	\$39.3m pa \$58.2m pa	Deferring 25% of renewals does carry some risk. This will be managed through prioritising where the greatest need is, such as, safety, resilience, connectivity, and mode shift.

Issues	Options	Decision Date	Delivery Timing	Costs	Risks and Implications
High cost of transport maintenance and renewals	Reduced funding on cycleways renewals resulting from less capital investment in cycleway development, maintaining existing levels of service for resurfacing - 30% reduction. (Adopted)	2024	2024-2033 2033-2054	\$41.9m pa \$55m pa	This approach increases the likelihood of surfacing faults across the network, which reduces customer levels of service.
High cost of transport maintenance and renewals	Fully fund renewals	2024	2024-2033 2033-2054	\$52.5pa \$45m pa	
Resilience - Slips above and below roads, retaining walls, sea walls and other structures that support our roads.	Fund a programme of upgrades and renewals taking a risk-based approach to ensure the highest priority work is undertaken first.		Annual budget	\$10m pa	Infrastructure failures can disrupt travel times and impact commuters and businesses. Asset failures can also result in health and safety consequences. Several transport routes in the city have been designated as emergency routes which need higher levels of resilience to ensure lifelines. Capital funding for key resilience work declines in the later part of the LTP. Scaling up capital works quickly can at times be challenging for contractors and the sector and certainty around a pipeline of capital works is important for contractor resilience.

NOTE: Dollar amounts are indicative for out years and will be refined as more information is available and the implementation period draws closer.

Land Transport Activity Opex and Capex forecast

Year	Operating Expenditure	Capital Expenditure
2024/25 ²⁰	133,404,200	104,522,989
2025/26	133,685,409	148,882,709
2026/27	156,259,804	121,383,668
2027/28	158,193,458	99,523,004

Year	Operating Expenditure	Capital Expenditure
2028/29	168,875,215	86,134,050
2029/30	179,471,815	79,172,272
2030/31	202,247,528	70,944,672
2031/32	215,238,317	81,609,562
2032/33	215,445,843	67,232,531
2033/34	230,141,847	71,081,424

Year	Operating Expenditure	Capital Expenditure
2034-2039	1,169,696,703	399,620,969
2039-2044	1,273,978,938	430,889,742
2044-2049	1,400,116,619	473,206,578
2049-2054	1,307,324,896	477,730,884
Total	6,944,080,591	2,711,935,053

Figures are inflation adjusted

²⁰ The 2025 Budget figures reflect the impact of the Long Term Plan Amendment and capital rephasing approved by the Long Term Plan and Financial Performance Committee on 22 May 2025

Buildings (including civic buildings, venues, social housing)

Strategic direction

The investment in Wellington's performance arts venues enhances the city's creative ecosystem. These venues play a crucial role in hosting a variety of events, including arts, cultural activities, community gatherings, and international sports events.

Wellingtonians have a strong passion for entertainment and the arts and need accessible venues with suitable infrastructure and technology to support vibrant creative expression day and night.

Our performing arts venues are old, have seismic issues, and have the challenge of needing to adapt to climate change. When repairing and upgrading our facilities we also have an opportunity to reduce greenhouse gas emissions through green building standards, which will also contribute to reduced heating and cooling bills.

The existing assets within these venues, such as sound systems, public facilities, and kitchens, are essential for supporting diverse activities. While the venues meet the needs of hirers, there have been complaints about the additional cost burden on organisers who must bring their own equipment, making setup

more expensive compared to other cities.

A recent review of WCC's civic performance venues identified that the WCC operating model for the performing arts venues (Shed 6, TSB Arena, Town Hall, MFC (Michael Fowler Centre), Opera House, St James Theatre) is sub-optimal, and not set-up for success. The model in its current form lacks alignment, transparency, and accountability in relation to how civic performance venues contribute to agreed WCC strategies and objectives. There is a significant opportunity to shift to a more effective operating model, including taking a strategic portfolio investment approach to the civic performance venues. The Economic Wellbeing Strategy underscores the city's dependence on performing arts and sports venues to drive a dynamic and vibrant economy.

We own a large portfolio of social housing assets. Housing in Wellington is becoming less affordable and there is growing pressure on the Wellington Housing market. Housing needs to be affordable if all Wellingtonians are to have safe, warm, dry homes that meet their needs. Te Toi Mahana (a community housing provider) operates the Council's social housing

function and controls the affordability of tenancies. We have a housing strategy, adopted in 2018, that seeks a housing system that supports sustainable, resilient, and connected communities, and ensures a well-functioning housing system, meeting the needs of Wellingtonians. The housing strategy influences the planning frameworks (such as the District Plan) and programmes such as Te Kainga.

Asset overview

Our assets are valued (Optimised Replacement Value) at approximately \$620.7 million as at 30 June 2023 and include but are not limited to:

- Wellington Venues (operationally managed by Venues Wellington):
 - Michael Fowler Centre (recently identified as earthquake prone)
 - The Opera House (recently identified as earthquake prone)
 - St James Theatre (reopened 2022)
 - Town Hall (closed for seismic strengthening since 2013)
 - TSB Bank Arena
- Museums Wellington (operationally managed by Experience Wellington):
 - City Gallery
 - Space Place at Carter Observatory
 - Nairn Street Cottage
 - The Bond Store (earthquake prone)
- Other:
 - Tākina Exhibition and convention centre (new, opened 2023) - (run by Te Papa foundation)
 - Hannah Playhouse - (run by WCC)
 - Embassy Theatre (seismic assessment underway)
 - Te Whaea National Dance and Drama Centre
 - CAB (earthquake prone)
 - MOB (earthquake prone)
 - The Basin Reserve
 - Sky Stadium (co-owned with GWRC)
 - Capital E (former - earthquake prone)
- Waterfront buildings and assets
 - Shed 1 (earthquake prone), Shed 3, Shed 5, and Shed 6

Our social housing assets are valued (Optimised Replacement Value) at

approximately \$401.8 million as at 30 June 2023 and include:

- 275 social housing buildings, containing:
- 1786 units
- 2713 bedrooms
- 4835 bed spaces

Asset condition and lifecycle

Data confidence overall for this group of assets is "B - High". All buildings in this grouping have been assessed through a comprehensive condition assessment survey undertaken in 2023. The reason that this isn't "A - Very High" is that the data pertaining to the housing portfolio, whilst comprehensive is beginning to atrophy with age. This also applies to data for buildings currently being reinstated,

demolished or undergoing large scale works - for example CAB, MOB and the Wellington Town Hall. WCC are currently undertaking a program of work to perform a full condition assessment of the housing portfolio, which will lift the rating for this grouping to "A - Very High".

The condition of known assets is primarily in the average to very good range, with less than 10% of assets being rated as poor to very poor. Of the assets that fall into the poor to very poor range, the majority are within buildings that are currently undergoing remediation or large-scale reinstatement works in the Civic precinct and are not representative of the condition of the whole portfolio. Assets which are outside of this precinct are expected on average to have in excess of 50% of their useful lives remaining. Additional considerations related to seismic resilience, earthquake prone buildings and associated detailed seismic assessments are known and factored into lifecycle planning and renewal forecasts - however these are not represented in the condition assessment data below.

Asset data pertaining to this asset grouping is maintained within WCC's Asset Management System. The data has been aggregated into common groupings based upon funding and the primary services they deliver across the network. Alongside this

asset data, centralised repositories detailing factors such as heritage listings and earthquake prone buildings is maintained and factored into and underpins any lifecycle forecasting and renewal planning decisions.

How we forecast Asset renewals

Renewals of assets within this group of activities are driven from data and is determined by criticality (lifelines for example) and level of service required. Known issues that are non-data driven are considered and factored into planning decisions, such as seismic resilience and climate change. Detailed lifecycle forecasts are captured and provided in the financial section of the Activity Management plan and summarised in the financial section of this document.

Asset Lifecycle

Component based lifecycle analysis has been undertaken for all portfolios within this activity grouping, with multiple scenarios of renewal investment modelled and compared to an unconstrained expenditure profile to determine associated risk of deferred renewals. The adopted scenario is based upon funding 75% of predicted renewals in years 2024 to 2033, with any deferred renewals over this period to

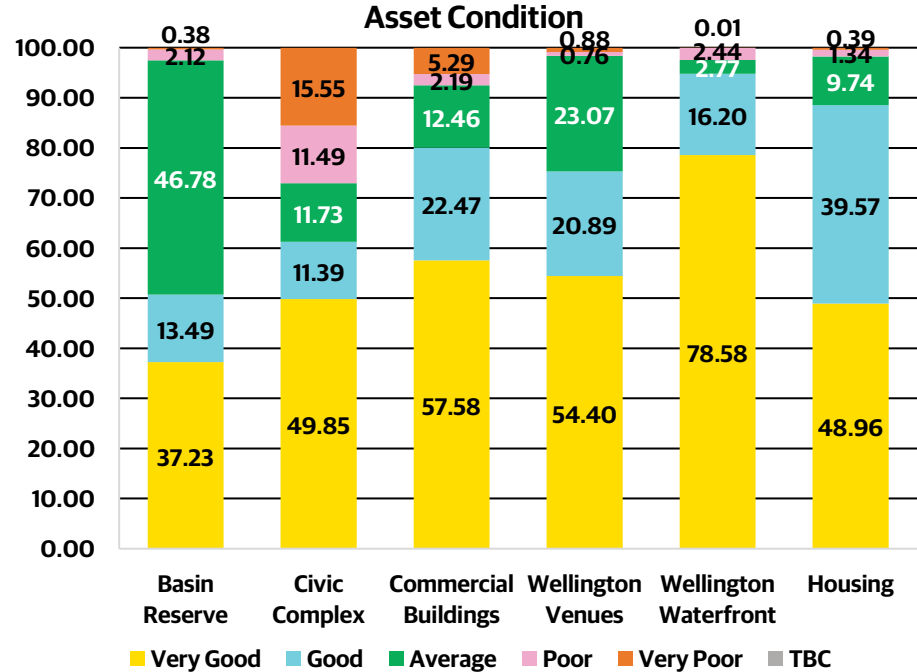


Figure 143: Buildings, Venues and Housing Asset Condition

be funded and spread across years 2034-2043. The level of risk associated with deferral of these renewals is reasonably low, with most assets still remaining within an average to very good condition rating across the deferral period. The below graph is demonstrative of an unconstrained approach to expenditure to the portfolio, and associated condition grade index.

redeveloped. Basin Reserve Renewals will be prioritised together with the Basin Reserve Trust. We will support them to manage this budget. The most important focus will be on the turf and irrigation. Wellington Venues need seismic remediation. Detailed options analysis is being worked through to identify which buildings and investment are needed for

up to date with the most recent comprehensive SPM data survey being performed in 2016 and therefore may not be reflective of current condition.

A higher level of condition uncertainty creates some risk and uncertainty in our ability to prioritise renewal spending. The level of risk associated with the deferral of these renewals has been deemed to be relatively low, as a large proportion of these renewals are low-cost or low-risk renewals that are primarily dealt with through operational or reactive maintenance through the current vacate process at end of tenancy.

Alongside this, levels of risk are lowered through the delivery of the HUP2 work programme and any renewals that will take place as part of this work. Furthermore, the renewals programme is delivered based upon prioritisation of individual components based upon risk and criticality.

It is envisaged that once the full asset condition survey is completed in 2024 the Council and CHP will jointly develop and continue delivery of a strong renewals plan within the budget available. City Housing renewals are prioritised to safety and accessibility. Funding renewals at 75% carries greater risk in that it

creates more property vacancies due to the poor condition. This incurs additional costs to the Council.

Level of service and performance

The breadth of facilities that the council owns to support cultural, economic, and social services in the city is significant. While the Council has been able to maintain service levels so that cultural expression and economic activity such as conferences and events can continue, the closure of the Town Hall for earthquake strengthening requirements has impacted some sectors. This has been offset with the recent opening of Tākina which has provided the city with a new world class conference and events centre.

There are still several civic facilities like the Opera House, Wellington Museum and the Michael Fowler Centre that will require earthquake remediation in the coming years but remain operational in the meantime. The earthquake remediation of civic venues will take a few years to work through.

Currently, venue usage is suboptimal at 51%, primarily because the venues have not been modernised to accommodate a larger number of events with diverse content. This gap means the city is not fully meeting the needs of event organizers and

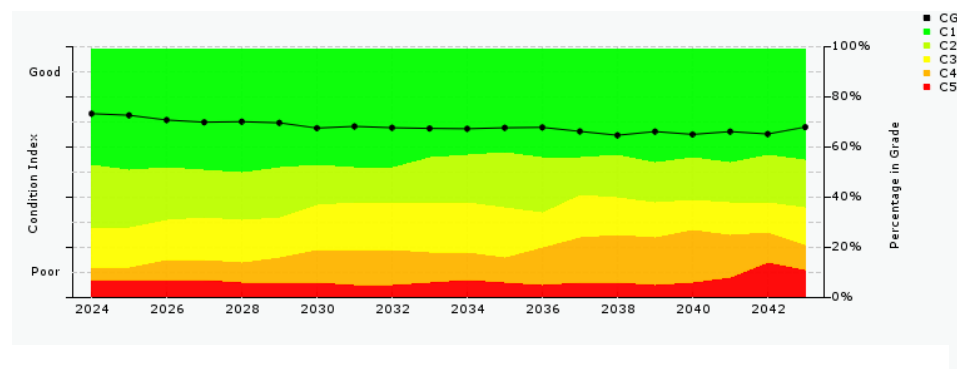


Figure 14: Buildings 20 Year Asset Lifecycle Analysis - Unconstrained Expenditure

Applying 75% Renewals Funding

- **Civic buildings** will be managed by prioritising safety and compliance. The 75% funding of renewals may result in an increased emergency maintenance in outer years. However, City Gallery is the key civic building needing renewal. The potential redevelopment of CAB & MOB means we won't be doing any renewals on these buildings, and the Town Hall and Library are currently being

future service provision. This information will inform the renewals programme from year 2. Therefore, bare minimum renewals will be applied to keep these facilities functional (ie: Michael Fowler Centre, Opera House).

- **For housing renewals**, 75% renewal funding has been applied. While Council condition information shows housing assets mainly being in very good or good condition, asset condition information is currently not fully

younger audiences, highlighting the necessity for a venue strategy to address these challenges and optimise venue utilisation.

The Council has provided Social Housing since the 1950s. It is now managed under lease by Te Toi Māhara Trust. The performance of the housing stock is generally good. Tenant satisfaction is high. About half of the housing stock has been upgraded to meet modern requirements and standards over the last 20 years as part of a cost sharing arrangement with the Crown, and the remainder of the housing stock will be upgraded in the coming years.

Council's role

Our role is to support economic, social, and cultural outcomes for the people of the city. Our venues, civic buildings and waterfront contribute to this. We currently own many buildings. We operate some services ourselves, and contract out other services, through Council Controlled Organisations (CCOs).

The council's role in housing is broad:

- Enabling capacity, supply, and affordability through the District Plan.
- Consenting and compliance.
- Collaborating with others to support Māori housing security and supporting rental housing supply

(Te Kāinga partnership programme).

- Addressing homelessness.
- Public social housing.

Key challenges

This activity group is affected by all the identified key challenges.

- Population growth and changing demand – Some venues have low utilisation rates and content is expected to shift the new and refurbished venues in the coming years. There are gaps with audience interaction equipment and integration with the venues' surroundings. There is potential to tap into unsatisfied demand through scalable and flexible facilities, and target content to different age groups such as the under 35s. Fit for purpose housing means safe, secure, warm & dry, and meets the needs of the residents. Regarding our social housing stock, we have completed half of the upgrades needed to meet healthy, safe, and inclusive homes standards.
- Aging and declining condition of infrastructure – Maintenance of many of our buildings has been deferred for many years. Venues have also suffered from lack of investment in modern technology. This lack of investment impacts the operations, and ability to make

the venues sustainable and useful. Our social housing is aging, not accessible, inclusive, or efficient and are no longer fit-for-purpose.

- Mitigation and adaptation to climate change – Many of our venues and buildings are subject to a range of natural hazards including flooding and coastal inundation; some are built on wharves. Refurbishing these buildings presents opportunities to reduce emissions, climate risk and be more fit for purpose, including addressing accessibility, suitability, and stakeholder needs. Housing can also contribute to emissions reductions by being energy efficient. Our portfolio needs to be assessed for the future risks associated with climate change.
- Earthquake hazards and earthquake prone buildings – Many of our venues and buildings are situated on reclaimed land and are subject to a range of natural hazards including earthquakes. Unknown costs associated with remediation works arise due to the vulnerability of the land to seismic events, ground conditions and sea level rise. Tough decisions are needed as part of this LTP to identify the most strategic way forward. Strategic portfolio management of these buildings is necessary. The level of strengthening will need to factor

in usage. This will be considered through a detailed options analysis report that will determine the future of the arts and culture and civic building portfolio. We anticipate that this will be ready for the 2027-37 LTP with investigations funded in this LTP. While our city housing portfolio is not earthquake prone, it does need upgrading to meet higher earthquake safety standards.

- Affordability and deliverability – The challenge is large, and the cost to solve it will be even larger. A strategic plan to deliver the right venues and buildings over the next 30 years is needed. We have faced challenges recently with costs increasing, and discovering issues once the building work has commenced. Management of these significant projects requires sound advice and governance to make strategically sound investment decisions in the future. Affordability has been an issue, and we have been part-funded by the Crown to be able to make these upgrades to social housing assets.

Principal options

This activity and related solutions primarily contribute to the priority *"Revitalise the city and suburbs to support a thriving and resilient economy and support job growth."*

There is also a strong contribution to *"increase access to good, affordable housing to improve the wellbeing of our communities"* and *"celebrate and make visible te ao Māori across our city."* We will also take every opportunity to apply each of the strategic approaches.

The following shows how we have used the strategic priorities and applied the overarching principal options to identify specific options to address the key issues for this activity group.

- Prioritising growth areas – While prioritising growth areas will be considered, this is less of a consideration for this asset group, as the assets are destination assets for the whole city and in some cases for the region.
- Targeting emissions reductions to the greatest gains and operational efficiency – There is a significant opportunity to address building and energy relation emissions when we remediate and build new assets. We will focus on these opportunities when buildings are being repaired or new buildings are being constructed, but we will
- not be putting effort into retrofitting buildings where there would otherwise not be any construction activity.
- Grow our understanding of adaptation impacts and costs – As we take stock of the scale of the issue with our civic buildings and venues, we will develop our understanding of the adaptation needs, and take this into account when making decisions. This might include choosing not to place new buildings or rebuild in disaster prone areas but rather demolish buildings instead of remediation due to the challenges on the site.
- Strategic rationalisation to better manage the overall asset portfolios – Some of our buildings and venues have overlapping purposes. Because of the size and scale of the portfolio and the complexity and costs of the issues, we will complete the remediation projects underway, but will pause and reset to take a strategic portfolio view before making further decisions. This will allow the council to understand what the city needs and how best to deliver.
- Prioritising interventions and the work programme for affordability – Managing, maintaining and renewing such large buildings is costly. Understanding needs is important to help make decisions about demand management,

optimisation, and renewal and replacement or demolishing. Options should also include consideration of demolishing to replace and demolished and not replacing.

Issues and options

In 2023 the Council decided to complete earthquake strengthening work already underway. The Town Hall and Library are already in progress with re-opening expected in 2027 and full completion in 2028. This is a significant expenditure of \$546.7m over 2024 to 2028.

Administration buildings (CAB & MOB)

It is unaffordable to rebuild all the buildings we own. These buildings are vacant and have been for some time. To remediate within the required timeframe, we must take tough decisions.

We will also investigate options for including Experience Wellington and WellingtonNZ in the Council office fitout.

Remediation options for Te Ngākau the City to Sea Bridge, Civic Square basement, and Capital E

It is unaffordable to rebuild or remediate all the buildings we own. These buildings are vacant and have

been for some time. To remediate within the required timeframe, we must take tough decisions.

Scale of total programme costs for buildings and Te Ngākau is unknown.

A business case is under development. This will consider the most strategic and cost-effective solutions to managing the portfolio so that it best delivers on our community outcomes, and long-term sustainability.

Addressing seismic issues, carbon emissions reduction and ensuring civic buildings and performance venues are fit for purpose

Wellington has a large portfolio of civic performance / entertainment venues for a city of its size. Some of these venues are near one another and fulfil a similar market purpose, for example: MFC & Town Hall.

Addressing seismic regulatory requirements for earthquake prone buildings is mandatory.

Opportunities exist to improve performance of assets including, ability to widen audience / experience offerings. Venue utilisation, reduction of carbon emissions (response to Te Atakura), etc.

Sky Stadium Health and Safety

The Sky Stadium is 25 years old. The Stadium has done well in its first 20 years and was able to remain financially autonomous and contributes to self-fund its capex and opex. This has now changed due to;

- Recent earthquakes and seismic improvements subsequently required.
- Impact of earthquakes on insurance premiums
- Covid 19 Financial Impacts

Civic buildings renewals

The current renewal requirements are substantial and cannot be fully funded if the Council is to operate within the limits identified in the Financial Strategy.

Basin reserve renewals

The current renewal requirements are substantial and cannot be fully funded if the Council is to operate within the limits identified in the Financial Strategy. Funding Basin Reserve asset renewals at 75% of unconstrained budget is possible because of improved asset management planning data and information.

Earthquake strengthening has been invested in, and critical safety is already addressed.

Wellington Venues renewals

The current renewal requirements are substantial and cannot be fully funded if the Council is to operate within the limits identified in the Financial Strategy. Funding Wellington Venues asset renewals at 75% of unconstrained budget is possible because of improved asset management planning data and information.

Social Housing Upgrade Programme

Existing social housing assets are currently being upgraded through a partnership programme with the Crown. Providing access for all New Zealanders to affordable, sustainable, good quality housing appropriate to their needs is the vision of the New Zealand Housing strategy that drove the need to upgrade the council's social housing. In 2007 the Council reached an agreement with the Crown to develop an upgrade programme where the Crown offered \$220m to contribute to the upgrade of the portfolio to ensure the Council's social housing portfolio is safe and secure, and to a good standard for modern living. The first phase of the programme (HUP1) was completed in 2018 which saw upgrade of approximately half of the portfolio upgraded and full expenditure of the

Crown grant. Planning for the second phase of the programme is underway.

Planning and delivery is currently underway. There are two active projects underway in HUP2. Aside from that working toward completing a programme business case in 2024 detailing several programme options for consideration / decision making.

Housing Renewals programme

The aging condition of existing social housing assets requires ongoing attention. But financial affordability does put significant constraint onto the programme.



Issues	Options	Decision Date	Delivery Timing	Costs	Risks and Implications
Administration buildings (CAB & MOB)	Demolish (Adopted - note, decision to demolish CAB has already been approved)	2023	2024-2027	\$7.8m	Not being able to partner with private sector and being left with a vacant site.
Administration buildings (CAB & MOB)	Partner with private sector to remediate or redevelop – this option is contingent on demolish option above (Adopted)	2024	Unknown	Unknown	We do not have control of the timing
Administration buildings (CAB & MOB)	Sell as is and leave to market to remediate	2024	Unknown	Unknown	We do not have control of the timing
Administration buildings (CAB & MOB)	Do Nothing	2024	Unknown	Unknown	Reputation risks and safety risks as two large buildings will sit idle and vacant on a key location. Risks to economic and social wellbeing of the civic precinct and the wider area Risks to Wellington Town Hall project as it relies on MOB site to address some of the “front of house” issues.
Remediation options for Te Ngākau, the City to Sea Bridge, Civic Square basement, and Capital E	Demolish (Final decisions will inform 2027 LTP)	2027	2027-2030	\$65m	
Remediation options for Te Ngākau, the City to Sea Bridge, Civic Square basement, and Capital E	Strengthen	2024	2024-2027	\$240m	High level of investment in assets that are exposed to climate change risk.
Remediation options for Te Ngākau the City to Sea Bridge, Civic Square basement, and Capital E	Do nothing	2024	NA	Unknown	The risks of doing nothing regarding the earthquake prone structures of Te Ngākau: Risk to the public safety in case of a major earthquake Reputational risks as we pressure private owners to remediate their buildings. Fines by the regulators if we do not meet our regulatory requirements.
Addressing seismic issues, carbon emissions reduction and ensuring civic	Investigate the full portfolio of civic buildings and venues deemed earthquake prone to make a strategic portfolio	2027	Feasibility / Investigation 2024-2027	<u>Opex</u> \$20m	Loss of venues (either temporarily or permanently) will impact the operations of CCOs.

Issues	Options	Decision Date	Delivery Timing	Costs	Risks and Implications
buildings and performance venues are fit for purpose	decision for the remaining buildings' future, these considerations include demolition, divestment, and remediation. (Adopted)			Capex to be identified and decisions taken for 2027 LTP.	Heritage status of some buildings may constrain perceived opportunities / necessitate prioritisation of investment / delivery in consideration of regulatory requirements.
Addressing seismic issues, carbon emissions reduction and ensuring civic buildings and performance venues are fit for purpose	Do Nothing	2027	NA	Unknown	Unknown
Sky Stadium health and Safety	Basic health and safety improvements to the stadium	2024	2024 -2027	\$8.9m	Need to ensure alignment with GWRC funding programme. There is a legislative requirement for us to undertake this work to ensure that the stadium remains safe for public use
Sky Stadium health and Safety	Replacement of the stadium	2044	2049	\$1b (unfunded)	Decisions will need to be taken as the stadium reaches end of life.
Civic buildings renewals	Fully fund renewals	2024	2024-34 2034-44 2044-54	\$44.5m \$52.4m \$61.8m	This is not affordable and does not make sense when the future of some buildings is uncertain.
Civic buildings renewals	Constrain renewals to 75% of the optimum renewal plan. (Adopted)	2024	2024-34 2034-44 2044-54	\$33.4m \$39.3m \$46.4m	Deferring 25% of renewals does carry some risk. This will be managed through prioritisation and ensuring the buildings are compliant and safe for use. This may result in an increased in maintenance in outer years. Emergency procurement would also cost more. Potential redevelopment of MOB & CAB will mean renewals not required. Library and Town Hall will not require renewals as they are being redeveloped currently. City gallery is the key asset requiring renewal.
Basin reserve renewals	Fully fund renewals	2024	2024-34 2034-44 2044-54	\$7.7m \$11.7m \$10m	
Basin reserve renewals	For affordability, fund renewals at 75% of	2024	2024-34 2034-44 2044-54	\$5.8m \$8.8m \$7.5m	Deferring 25% of renewals does carry some risk. This will be managed through prioritising safety and compliance. Renewals will be prioritised together with the Basin Reserve

Issues	Options	Decision Date	Delivery Timing	Costs	Risks and Implications
	unconstrained forecast (Adopted)				Trust. We will support them to manage. The most important focus is the turf and irrigation.
Wellington Venues renewals	Fully fund renewals	2024	2024-34 2034-44 2044-54	\$31.4m \$64.5m \$68.8m	This is not affordable and does not make sense when the future of some buildings is uncertain.
Wellington Venues renewals	For affordability, fund renewals at 75% of unconstrained forecast for the first 10 years and focus on only buildings that have a certain future. Backlog will be addressed in years 11 to 20. (Adopted)	2024	2024-34 2034-44 2044-54	\$23.6m \$48.4m \$51.6m	Deferring 25% of renewals does carry some risk. This will be managed through prioritising safety and compliance for public use, with detailed options analysis for the future scenarios to further inform renewals decisions from year 2. Opera House and Michael Fowler Centre require intervention in the coming years, and we are currently working through the options. This does not in itself mean that the Michael Fowler Centre will be demolished. Bare minimum renewals will be applied to keep these facilities functioning.
Social Housing Upgrade Programme	The principal option for this issue is to make best use of existing by improving the quality of living standards and undertaking seismic improvements. A business case is underway, this will identify options for investment. (Adopted)	2024	2024-2036.	\$400m	This option meets the requirements of the Crown deed. Key risks for delivering the programme in accordance with the Deed requirements are: Seismic performance - one of the requirements of the Deed is to deliver building to 67%NBS. Approximately 50% of the portfolio has had assessments complete. The remaining 50% are scheduled to be complete next year (scope risk). Re-housing of Te Toi Mahana tenants, whilst upgrades are complete. This is a key constraint to the delivery of the programme, therefore the expediency to which the programme can be delivered, therefore cost.
Housing Renewals programme	Fund renewals at 75% of unconstrained forecast for first 10 years to manage affordability in the short term. Increase the funding in years 11-20 to address the gap. (Adopted)		2024-34 2034-44 2044-54	\$139m \$313m \$205m	Deferring 25% of renewals does carry some risk. This will be managed through prioritising where the greatest need is, such as accessibility and safety. It may create more vacancies, due to property condition. WCC will incur a fee, where we have to pay the rental cost to Te Toi Māhara.

NOTE: Dollar amounts are indicative for out years and will be refined as more information is available and the implementation period draws closer.

Buildings Activity Capex forecast

Year	Capital Expenditure
2024/25 ²¹	92,420,258
2025/26	134,959,137
2026/27	68,396,098
2027/28	83,674,716
2028/29	100,306,148
2029/30	93,020,557
2030/31	63,366,301
2031/32	93,077,899
2032/33	74,472,535
2033/34	47,439,066
2034-2039	325,493,577
2039-2044	397,205,029
2044-2049	275,984,874
2049-2054	323,672,503
Total	2,173,488,699

Figures are inflation adjusted. Note this activity does not have any associated Operational Expenditure

²¹ The 2025 Budget figures reflect the impact of the Long Term Plan Amendment and capital rephasing approved by the Long Term Plan and Financial Performance Committee on 22 May 2025

Parks & Open Spaces

Strategic direction

Pōneke is abundant with varied and rich parks and open spaces that help support Wellingtonians to enjoy a high quality of life. Wellington provides a level of service for Parks and Open Spaces that currently receives strong public satisfaction. Our Waterfront is world class and, in some areas, like our biodiversity, the city is making significant gains and is recognised as the only major city in the world where biodiversity is improving. We base a lot of our marketing and publicity around our Waterfront and biodiversity gains.

Te Whai Oranga Pōneke (Open Space and Recreation Strategy) adopted in 2023 has a mission to have "*A flourishing network of parks and recreation opportunities, interwoven into everyday life, which supports Wellingtonians to live well and connect to nature and each other*". Open spaces are predominantly unbuilt land that provide opportunities for active and passive recreation and support ecosystems to thrive. This includes parks and reserves, nature spaces, urban public spaces, streetscapes, coastal areas, cemeteries and urupā. They contain much of our natural environment

such as waterways, forests, shorelines, and native biodiversity. Some are also equipped with recreation facilities such as playgrounds and sports fields. As the city intensifies, the importance of public open space increases. These spaces can also provide opportunities for climate resilience and adaptation.

The Wellington Central City Green Network Plan (2022) sets the direction and targets for how we green Wellington's central city over the next 30 years. With a vision of "*thinking and living green in Wellington Central City, is the future for the planet and all of us*", the plan proposes a well-developed continuum of green spaces, to deliver the many ecological, social, economic, cultural and public health benefits to the central city as it grows, enhancing its liveability for residents, workers and visitors.

Asset overview

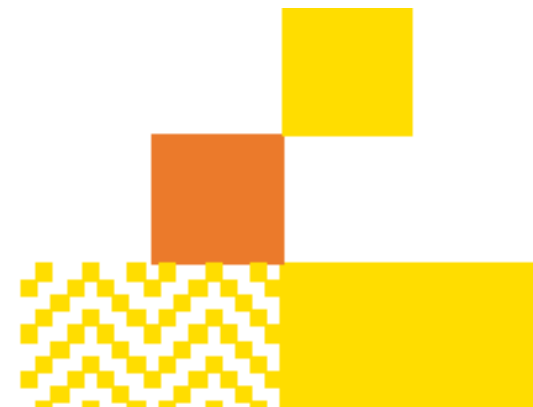
Our assets are valued (Optimised Replacement Value) at approximately \$404.3 million as at 30 June 2023 and include:

- 4305 ha of parks, reserves, and beaches
- 41.25ha of green space in the central city
- 211 nature parks
- 100km of coastline
- Wellington Town Belt and Outer Green Belt
- 387km of walking and biking tracks
- 42 coastal structures including boat ramps, wharves, and seawalls
- Waterfront public space
- Botanical Gardens and Berhampore Nursery
- 4 cemeteries: Tawa and Bolton Street (closed cemeteries), and Karori and Mākara (operational cemeteries)
- 2,000 trees in the central city (in the public realm)

Asset condition and lifecycle

The majority of these assets are in average or better condition. Data confidence overall for this group of assets is "B – High". All building assets condition have been assessed during 2023. Non-building assets are also assessed at regular intervals by WCC staff, as well as more detailed assessments undertaken by external partners for complex or critical assets.

Asset data pertaining to the Parks and Open Spaces portfolio is primarily maintained within WCC's Asset Management Information Systems. Building asset information is maintained within SPM, whilst plant and equipment is captured and maintained within TechnologyOne, WCC's ERP system – as well as being captured spatially.



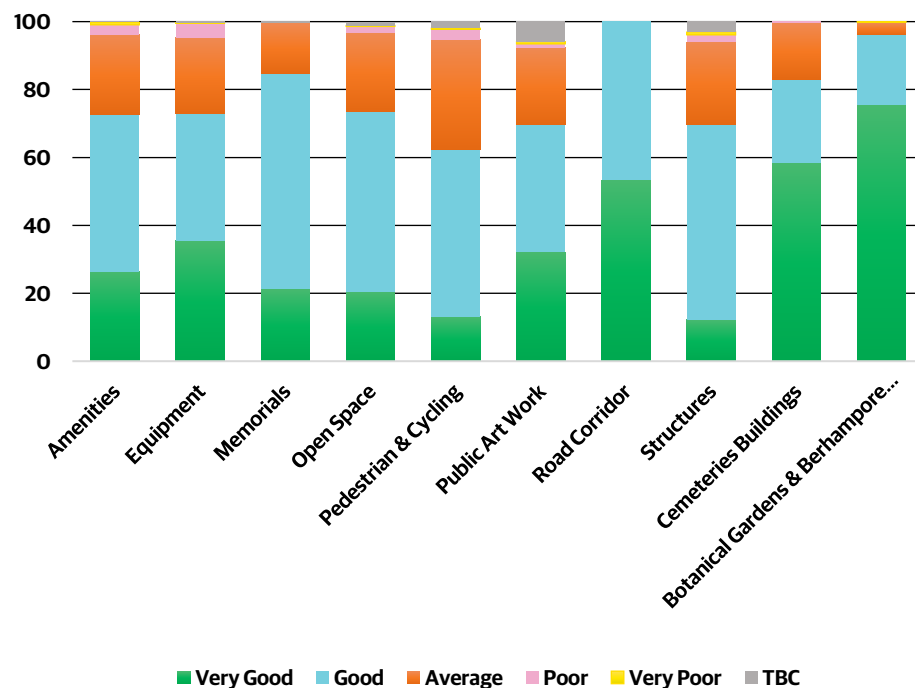


Figure 16: Parks and Open Spaces Asset Condition

Note: This is a listing of ALL Parks, Sport and Recreation assets, except for buildings, aggregated up. (Plus, cemetery and botanical gardens buildings). A few exclusions have been made, being "parking network" "Stormwater" and "Systems (lighting water and solar systems)".

How we forecast Asset renewals

Renewals of assets within this group of activities are driven from data and is determined by criticality and level of service required, as well as condition, performance and age. Additional factors such as climate change and seismic resilience are factored into decision making alongside the data driven insights.

Detailed lifecycle forecasts are captured and provided in the financial section of the Activity Management plan and summarised in the financial section of this document.

Asset Lifecycle

Component based lifecycle analysis has been undertaken for all portfolios within this activity grouping, with multiple scenarios of renewal investment modelled and compared to an unconstrained expenditure profile to determine associated risk of deferred renewals.

The adopted scenario is based upon funding 75% of predicted renewals in years 2024 to 2033, with any deferred renewals over this period to be funded and spread across years 2034-2043. The level of risk associated with deferral of these renewals is reasonably low, with the majority of assets still remaining within an average to very good

condition rating across the deferral period.

Reducing funding renewals to 75% could potentially jeopardise service delivery and asset utilisation, leading to increased reactive maintenance needs and affecting tenants or leaseholders, possibly resulting in revenue loss. Moreover, this reduction will limit the number of renewals completed annually, with prioritisation based on condition and risk level. Additionally, there are ongoing risks associated with climate change impacts and rising service delivery costs, which could result in diminishing returns over time.

This reduction may also lead to community dissatisfaction due to fewer planned improvements to facilities and services compared to community expectations expressed in recent engagements. There is a risk of gradual asset degradation over time. However, it's important to acknowledge that in some cases, the 75% funding level has resulted in increased investment in renewals, particularly in areas such as parks and open spaces.

Level of service and performance

The council manages a wide range of assets that provide high quality public spaces and nature-based services and experiences to Wellingtonians. Utilisation and community satisfaction with these services is generally high. The current network of assets is aging, but still performing well. However, community expectations for quality parks and open space network are very high and often the level of service sought is higher than what can be provided.

Te Whai Oranga Pōneke (the Open Space and Recreation Strategy) and the Green Network Plan, together provide a framework to guide provision and investment decisions in the city's parks and open spaces network.

Renewals are programmed across these assets, but in time, with a growing population and climate change, additional demand will be placed on the infrastructure and the assets and facilities will need to be upgraded.

Parks and open space assets, especially coastal assets, will require more investment as the climate changes, storm events increase, and as sea levels continue to rise. During the period 2024-2027, detailed

climate adaptation planning will be conducted for key parts of the city, and this will help inform investment choices for the 2027 LTP.

Council's role

The Council has a key role in providing, developing, and managing parks and public open spaces across the city to meet the needs of our community and to protect our natural environment, cultural and historic heritage values. Council manages a variety of parks and open spaces from highly developed urban parks to relatively unstructured natural areas. Our open spaces also include the track network that connects them.

These spaces, places and connections contribute significantly towards social, economic, environmental, and cultural wellbeing. They are also important to our physical, mental, social, emotional, and spiritual wellness. These areas are also a critical component of the city's green infrastructure, with opportunities to implement nature-based solutions to flooding and sea level rise challenges.

Our cemeteries also form part of the city's open space network, providing important social, cultural, historic and environmental values. However, they also provide a critical public health and safety role. Cemetery services support the health and

safety of the city's communities. Our burial and cremation services reduce public health and environmental risks and ensure the Council meets its legislative and policy obligations. The Council also has statutory responsibilities to provide for burials and currently operates two cemeteries (Karori and Mākara) for this purpose.

Key challenges

This activity group is affected by four of the identified key challenges.

- Population growth and changing demand – The spatial and district plans set out a significant level of projected growth and housing intensification that will create more demand for parks and open spaces in the central city and suburbs. The provision of quality parks and open spaces is a key part of a liveable, healthy and resilient city. Changing demographics and changing recreation trends mean our open spaces and places will also need to be more accessible, inclusive, and multi-functional to cater for a broader range of users and uses.

As a city we have invested in making significant gains in our indigenous biodiversity, much of this work has been undertaken in partnership with the community. It will be important to resource existing and future programmes to

sustain the biodiversity gains and investment already made.

- Aging and declining condition of infrastructure – Many of our parks and open spaces are aging and require investment to maintain or renew the assets. Examples of assets requiring investment in the short to medium term include central city and neighbourhood parks and open spaces, Mākara cemetery, the Begonia House in the Botanic Gardens, coastal boat ramps, wharves and seawalls, parts of the track network, waterfront public spaces and structures.
- Mitigation and adaptation to climate change – Climate change is leading to an increase in extreme weather events – meaning more extreme storm and rainfall events, landslips, tree failure, erosion, drought and flooding – which impacts our parks and open space assets and drives maintenance needs and costs up. Warmer, wetter weather is also increasing the need for more pest and weed control and an increased risk in biosecurity incursions.

Parks and green spaces can be part of the nature-based solutions to managing floods, coastal inundation, stormwater and to increasing our city's biodiversity. The 2023 Climate Risk Assessment found 26 key strategic risks

affecting Council assets. Coastal inundation causing asset damage emerged as the most material physical risk for the Council, with a total rating score double that of the next highest aggregated risk score. Assets identified as being most at risk to coastal inundation from sea level rise include water, drainage and waste assets, Council buildings, parks and reserves, and road assets.

- **Affordability and deliverability** – The cost of maintaining and renewing our parks and opens spaces is getting increasingly expensive due inflationary pressures such as the costs of materials and labour (and responding to the impacts of climate change). This makes it harder and harder to close the gaps in levels of service.

Principal options

This activity and related solutions primarily contribute to the priority *"Invest in sustainable, connected and accessible community and recreation facilities."* There is also a strong contribution to *"improve the health of our waterways"* and *"mitigate and adapt to climate change."* We will also take every opportunity to apply each of the strategic approaches.

The following shows how we have used the strategic priorities and applied the overarching principal

options to identify specific options to address the key issues for this activity group.

- **Prioritising growth areas** – We have undertaken investigation into parks and open space requirements across the city in response to anticipated population growth and changing demands. Te Whai Oranga Pōneke (the Open Space and Recreation Strategy) identifies the importance of well-distributed, multifunctional, and connected spaces, places and programmes that respond to Wellington's current and future needs. We will prioritise investment as per the prioritised growth areas identified in the Spatial Plan and the District Plan. The Green Network Plan sets out four targets for the Central City over the next 10 years to complement growth, especially of residential units, in the Central City.
- **Grow our understanding of adaptation impacts and costs** – Increased use of water sensitive design and green infrastructure in urban parks, public spaces, and streets can help the city adapt and mitigate the impacts we are likely to see in the future, as climate change leads to more intense/ extreme events. Climate change adaptation planning will help inform future investment
- **Strategic rationalisation to better manage the overall asset portfolios** – This mainly applies to our tracks. We have consistently underfunded the upkeep of tracks. It does not make sense to build new assets when we do not have the funding available to maintain what we currently have. We also need to ensure that the choices we make will contribute to our community outcomes. Te Whai Oranga Pōneke (the Open Space and Recreation Strategy) identifies gaps in service provision and the needs of the community and will guide us in delivering on this priority.
- **Prioritising interventions and the work programme for affordability** – This activity will contribute to managing overall rates and borrowing affordability by planning for a renewals programme funded at 75% of projected requirement. Assets with the worst condition levels will be prioritised for investment.

decisions, particularly for assets in coastal locations and identify the ways that nature-based solutions can provide multiple benefits to the city, including adapting to unavoidable climate change impacts.

Issues and options

Acquisition of land for neighbourhood parks, open space and recreation to respond to growth and change

Analysis of the suburban open space network shows that Wellington City underinvests in parks and reserves generally (compared to the region and other large cities around New Zealand) and the quality and provision of neighbourhood parks needs targeted investment to respond to an anticipated period of significant citywide redevelopment and growth (50,000-80,000 more people over the next 30 years).

The success of higher density development is contingent on a range of factors and our community expects that access to quality parks will be part of the core infrastructure investment occurring alongside city growth and change over the long term.



Development of neighbourhood parks and open spaces to respond to growth and change, and gaps in provision

Development of new and the upgrade of existing neighbourhood parks and open spaces to support a network of well-utilised, accessible, fit-for-purpose parks and recreation opportunities that meet the needs of Wellington's growing and changing communities and respond to a changing climate.

Key barriers to using open spaces include absence of toilets, hard to travel to, feeling unsafe, not accessible, or not feeling welcome. Our existing open space network needs to be complemented by a network of quality, easy to access parks that people can use daily.

Implementation of the Central City Green Network Plan

The Green Network Plan sets the direction and targets for the greening of Wellington's central city in the next 30 years to take action on the current deficit, provide for growth and to address the climate and ecological emergency declared in 2019.

The Green Network Plan has set a target of developing 2 new urban parks, improving the greening of 20 existing urban spaces, and no net loss

and doubling the number of street trees (to 4000) in the central city in the next 10 years.

Kilbirnie Park

The 2022-23 Annual Plan approved \$5.64m for a destination skate park and the 2021-31 LTP identifies an additional \$1.5m from the Plimmer Bequest Fund for open space improvements and \$500k for play space renewal.

Investigation and planning work has been completed over last 18 months. There has been extensive public and stakeholder engagement with a high level of community and stakeholder support for the project.

Subject to LTP funding confirmation and business case approval, design and consenting to be progressed in 2024/25, with construction mid-late 2025 into 2026.

Investment in our track network

There is increasing community demand and expectations for trails investment, including improving the quality, accessibility and resilience of the existing trail network, as well as the development of new trails.

We are currently underfunding our trail renewals. We also have approved plans for new trail development, but these are currently unfunded.

There is a big volunteer contribution to building and maintaining tracks.

Ever increasing community demand for more walking and biking trails, increased accessibility, and off-road commuter trails. The quantum of investment required to address community demand is currently unknown.

Begonia House

Aging facilities, ongoing renewals and asset failures will be costly. This includes the need to replace glazing and structures, climate control systems, improved café kitchen and back of house facilities, upgrading toilets and hireable spaces.

Council has resolved to carry out urgent maintenance and renewal of facilities, rather than a full or partial upgrade, or demolition.

Renewals of Parks and Open Spaces

Buildings across the portfolio have a recent condition assessment. The current renewal requirements are substantial and cannot be fully funded if the Council is to operate within the limits identified in the Financial Strategy.

- Cemetery
- Open spaces
- Outdoor sports facilities
- Play spaces

Issues	Options	Decision Date	Delivery Timing	Costs	Risks and Implications
Acquisition of land for neighbourhood parks, open space and recreation to respond to growth and change	Acquire land for parks, open space and recreation needs to respond to growth and intensification and address neighbourhood park provision gaps.	2024	Annual budget	\$215m over 30 years (Approx \$7-8m annually)	Difficult to acquire land, especially in a competitive open market. Most land acquisition for parks and reserves is currently debt funded at the time of purchase. This investment would provide a specific budget for reserve land acquisition. Capacity to deliver is a risk -would need to scale up to manage and deliver Require resourcing for planning work to develop an acquisition programme.
Acquisition of land for neighbourhood parks, open space and recreation to respond to growth and change	Delay acquisition of land to later years and prioritise high growth areas. (Adopted)	2024	2030 - 2034	\$21.5m	Delaying, but planning to invest in the mid-term is the best option in the current funding environment. Risks: Difficult to respond to land acquisition opportunities as and when they come up. Any acquisition ahead of this time frame would require debt funding. Cost of land likely to increase over time. Decreasing levels of service and increasing community dissatisfaction if there is inadequate investment.
Development of neighbourhood parks and open spaces to respond to growth and change, and gaps in provision	Fill service level gaps and address growth and change	2024	Annual budget	\$34m over 30 years	Capacity to deliver -would need to scale up to manage and deliver an open space development programme. Requires resource for planning, investigation and design work. The development of new parks and open spaces will be contingent on the acquisition of land.
Development of neighbourhood parks and open spaces to respond to growth and change, and gaps in provision	Delay filling gaps in provision to later years and prioritise high growth areas (Adopted).	2024	2030 to 2034	\$13m capex \$3.8m opex	Delaying, but planning to invest in the mid-term is the best option in this funding environment. Decreasing levels of service and increasing community dissatisfaction if inadequate investment. The development of new parks and open spaces will be contingent on acquisition of land.
Implementation of the Central	Improve existing central city green spaces and parks and develop 2 new green spaces to	2024	2024 to 2034	Capex \$18.9m	There is a deficit of green space in the central city for current users and residents.

Issues	Options	Decision Date	Delivery Timing	Costs	Risks and Implications
City Green Network Plan	provide for projected residential population growth – includes land acquisition. Frederick St Park is expected to be delivered 25/26			<u>Opex</u> \$1.8m (for 1000 street trees in years 1-3).	Greater numbers of people living and visiting the central city will increase demand for quality green public spaces within the built environment. Ensure the city continues to build on its liveability, sustainability and 'eco-credentials'.
Suburban Centres Upgrade Programme Public spaces and centres development	Prioritisation of the implementation of the Suburban Centres upgrades programme – one town or suburban centre every two years. (Adopted)	2024	2024 to 2034	\$10m over 10 years (for upgrades) \$2.5m opex over 10 years	
Suburban Centres Upgrade Programme Public spaces and centres development	Defer suburban upgrades programme 5 years	2024	2030-2040	\$10m over 10 years (for upgrades) \$2.5m opex	
Park upgrade projects Kilbirnie Park	Development of destination skate park, refreshed play space and open space improvements (planting, landscaping, public access)	2022	2024/25	\$5.45m for destination skate park \$1.5m open space (Plimmer Bequest) \$0.5m play space renewal	Kilbirnie Park is a significant community asset and requires investment to address safety, accessibility and amenity issues alongside provision for skate and play. Master plan developed 2023 Design and consenting 2023/24 to 2024/25. Construction estimated to begin mid-late 2025
Park upgrade projects Kilbirnie Park	Rephase development of destination skate park, refreshed play space and open space improvements (planting, landscaping, public access) (Adopted)	2024	2024/25-2025-26	\$5.45m for destination skate park \$1.5m open space (Plimmer Bequest)	Kilbirnie Park is a significant community asset and requires investment to address safety, accessibility and amenity issues alongside provision for skate and play.

Issues	Options	Decision Date	Delivery Timing	Costs	Risks and Implications
				\$0.5m play space renewal	
Grenada North Park	Develop Grenada North Park as a multi-function community sports and active recreation hub to respond to growth and sportsfield demand.	2021-31 LTP	2024 to 2028 Planning & investigation 2023/24 - 2024/25 Delivery commence 2025/26	\$14 million (capex)	Grenada North and surrounding suburbs are growing, and investment is needed to provide appropriate sports and recreation facilities. The existing Grenada North Park sportsfields are not fit-for-purpose with significant drainage issues throughout winter. Extensive earthworks and drainage upgrades are required to make the park a year-round playing venue. Installation of artificial turf would greatly enhance utilisation of the fields.
Te Aro Park	Redevelop Te Aro Park and adjacent section of Dixon Street to improve function as a central city park and give effect to mana whenua aspirations	2024	2022-2026 Co-design and concept development 2022-2024. Delivery 2025-2026.	\$3.1M (funding in LTP for partial upgrade) \$11m (expected cost for full redevelopment)	There is currently \$3.1m CAPEX allocated to this project, not enough to implement a full redevelopment. The project and draft concept plan have been co-designed and have support from mana whenua. Current issues with Te Aro Park include H&S issue of slippery tiles, no remaining replacement ceramic tiles, water features and lighting not functioning properly and requiring a lot of maintenance.
Improvements to Waterfront public safety A programme of work is underway to address concerns about public safety on the waterfront. A key focus is on improving lighting and edge protection.	Invest in safety features along the waterfront	2024	2024-2028	\$11.1m	Additional capital expenditure for waterfront edge protection and seawalls.
Rock rip-rap on the waterfront	Invest in seawall renewal	2024	2024-2034	\$4.4m	Aging assets with deferred maintenance particularly within a challenging coastal environment.

Issues	Options	Decision Date	Delivery Timing	Costs	Risks and Implications
					Resilience challenges impacting the Waterfront, including sea level rise and more frequent extreme weather, are damaging aging seawall and rock riprap structures, and increasing maintenance costs. We can reduce the risk by investing in the renewal of seawall structures to avoid further asset degradation.
Investment in our track network	Increase investment in the maintenance and renewal of our existing trail network (Adopted)	2024	Annual budget	\$473K per annum for renewals and \$220K per annum opex	There is a risk that trail condition will further degrade as the cost of delivering renewals does not align with the budget.
Investment in our track network	Invest in the development of new trails to respond to community demand	2024	2027/28	\$900K -	There is a risk that due to the historic increase in trail length, without a correlated increase in operational budget, there will be a decrease in operational level of service. This risk has already become an issue. Climate change and increased storm events are adding to track maintenance challenges and costs. Develop new trails in Lincolnshire development area (this is the only budget allocation at present for new trail development)
Cemetery capacity reaching its limits	Acquire land and develop for cemetery purposes	2021	2024 - 2028	\$1.54m land acquisition \$5.416m cemetery development	Karori Cemetery has effectively reached its capacity. Mākara Cemetery will be reaching its capacity for various types of interment from 2038 and some denominational areas will reach capacity much sooner. There is an urgent need to provide more cemetery land capacity in order to adequately cater for future burial and ash interment needs. Last LTP the Council approved the expansion of the cemetery. Council has statutory obligations to provide for burials. Burial and cremation services reduce public health and environmental risks. The planned expansion of Mākara cemetery will provide capacity for burials for a further 40 years (approx.).
Begonia House	Demolish Begonia House	2024	2024-2025	\$3m	Do nothing option results in a health and safety hazard, so Begonia House would have to be closed. Therefore, the

Issues	Options	Decision Date	Delivery Timing	Costs	Risks and Implications
					demolish option is the base option. It results in a reduced level of service for the visitor experience and heritage value, as well as loss of jobs and revenue.
Begonia House	Renew all end-of-life aspects (Do minimum) (Adopted - for urgent maintenance and renewals)	2024	2024-2028	\$11m	Do minimum results in maintaining facilities and meeting legislative requirements with temporary buildings for staff facilities and maintains current levels of service which do not meet inclusion and accessibility requirements and are less efficient to operate.
Begonia House	Basic upgrade Begonia House	2024	2024-2028	\$17.5m	Buildings are demolished and replaced, new staff facilities and improved HVAC, greenhouse, events area, café and kitchen. Double glazing. Climate control is economically and environmentally efficient. Addresses safety and structure integrity. Increases potential for year-round usage. Does not address accessibility and inclusion.
Begonia House	Full upgrade	2024	2024-2034	\$20m	Site-wide renewals and upgrades and in addition to the basic upgrade, includes changing places facility and additional seating. Reduced operational costs, lower maintenance, and increase revenue potential.
Frank Kitts Park	Investment to support the delivery of a destination park	2024	Consenting 2024-2027 Construction 2035 onwards	\$3m \$5m \$15m	Frank Kitts Park is partly built over a car park that is currently vacated due to resilience issues. In September 2021 Council made the decision to demolish the earthquake prone car park and develop as a key destination park in the city's open space network. There is a risk that investment in the Frank Kitts Park will be insufficient to deliver a destination park which meets community expectations.
Renewals of Parks and Open Spaces	Funding parks and open spaces asset renewals at 75% of unconstrained budget and closing any gaps in the outer years. (Adopted)	2024	2024-2034 2034-2044 2044-2054	\$105.3m \$149.7m \$140.7m	Deferring 25% of renewals does carry some risk. This will be managed through prioritising safety and compliance for built assets. Open spaces will follow a similar approach. Overall condition will begin to decline. Building data is up to date. Open space data is continuously reviewed.
Renewals of Parks and Open Spaces	Fully fund renewals	2024	2024-2034 2034-2044 2044-2054	\$144.6m \$199.6 \$187.6	

NOTE: Dollar amounts are indicative for out years and will be refined as more information is available and the implementation period draws closer.

Parks & Open Spaces Activity Opex and Capex forecast

Year	Operating Expenditure	Capital Expenditure
2024/25 ²²	57,535,508	16,260,933
2025/26	59,698,346	31,919,249
2026/27	65,558,511	20,159,025
2027/28	64,821,706	24,603,013
2028/29	66,334,796	20,251,723
2029/30	70,196,888	21,480,302
2030/31	73,218,984	20,486,098
2031/32	76,079,940	29,738,870
2032/33	78,351,554	25,146,914
2033/34	80,801,336	24,676,232
2034-2039	420,169,194	172,603,730
2039-2044	482,691,936	104,377,430
2044-2049	542,013,657	164,929,282
2049-2054	553,277,515	82,767,604
Total	2,690,749,873	759,400,404

Figures are inflation adjusted

²² The 2025 Budget figures reflect the impact of the Long Term Plan Amendment and capital rephasing approved by the Long Term Plan and Financial Performance Committee on 22 May 2025

Community and recreation facilities

Strategic direction

Community facilities are a core part of our city's social infrastructure – providing places where people can connect, participate, play, create, perform, be inspired, build wellbeing, and develop a sense of belonging and purpose. We have 277 facilities, including libraries, community centres, recreation centres, pools, community and recreation leases of land and buildings, community spaces in Council housing assets and public toilets.

The Council's [Te Awe Māpara | The Community Facilities Plan](#) (refer to Appendix 2 – Summary of community facilities issues) guides our provision and decision-making about community facilities for the next 30 years. It includes 58 prioritised actions and provides the framework to ensure we have thriving and accessible community facilities – where people connect, have fun, and belong.

In addition to Te Awe Māpara, Te Whai Oranga Pōneke (the Open Space and Recreation Strategy) provides an overarching framework and strategic direction for Council to manage public open space, recreation facilities and recreation programmes and services over the next 30 years.

The strategy includes the provision of pools and recreation centres in Pōneke.

Together, Te Whai Oranga Pōneke and the Community Facilities Plan provide guidance for how future investment decisions will be made to ensure our facilities and assets continue to support quality service provision to our communities into the future.

Asset overview

Our assets are valued (Optimised Replacement Value) at approximately \$852.2 million as at 30 June 2023 and include but are not limited to:

- 44 natural and 11 artificial sports turf's
- 108 playgrounds
- Berhampore Golf Course
- croquet facilities, tennis, netball, and basketball half courts
- 7 Skate parks
- Clyde Quay Boat Harbour and Evans Bay Marina

The Council's community facility portfolio is based on a current value of \$420 million. There are a total of 277 facilities in 282 buildings (some

facilities are based in multiple buildings) including:

- 7 swimming pools (including two outdoor pools)
- 12 libraries
- 5 recreation centres, including Ākau Tangi
- 25 community centres
- 131 lease facilities across approximately 177,000 sqm of lease space (including land)
- 1 marae
- 13 community spaces in Council housing assets
- 83 public toilets.

Asset condition and lifecycle

Data confidence overall for this group of assets is "A – Very High". All buildings in this grouping have been assessed through a comprehensive condition assessment survey undertaken in 2023. Additional to the below graphed groupings are non-building assets including playground and sports fields, playgrounds, skate parks and plant and equipment at specialised sites such as pools. The data confidence for these are also "A – Very High". WCC undertake regular

condition assessments and inspections of these assets, with the majority of these being assessed within the last 3 years. Systemised capture of complex plant and equipment is an improvement plan item identified to occur over the LTP period.

The condition of assets within the built portfolio is primarily within the average to very good range, with less than 5% of assets being rated as poor to very poor. Built assets within the Marina are good to very good, however 25% of assets within this grouping are average or worse. The condition of both building and non-building assets within the grouping are detailed fully within their respective AMP's.

Asset data pertaining both to the buildings, as well as non-building assets is maintained within WCC's Asset Management Systems. Building data has been aggregated into common groupings based the primary services they deliver across the network. Alongside this asset data, centralised repositories detailing factors such as heritage listings and earthquake prone buildings is maintained and factored into and underpins any lifecycle forecasting and renewal planning decisions. Detailed assessment

information is also held on plant and equipment and infrastructure assets within the portfolio – such as wharves and pilings at marinas.

How we forecast Asset renewals

Renewals of assets within this group of activities are driven primarily from data, stemming from robust condition assessments of the portfolio and based upon condition, performance, cost and age. Known

issues that are non-data driven are considered and factored into planning decisions, such as seismic resilience and climate change. Detailed lifecycle forecasts are captured and provided in the financial section of the Activity Management plan and summarised in the financial section of this document.

Asset Lifecycle

Component based lifecycle analysis has been undertaken for all portfolios within this activity grouping, with multiple scenarios of renewal investment modelled and compared to an unconstrained expenditure profile to determine associated risk of deferred renewals.

The adopted scenario is based upon funding 75% of predicted renewals in years 2024 to 2033, with any

deferred renewals over this period to be funded and spread across years 2034-2043. The level of risk associated with deferral of these renewals is reasonably low, with the majority of assets still remaining within an average to very good condition rating across the deferral period. The below graph is demonstrative of an unconstrained approach to expenditure to the buildings within this portfolio, and associated condition grade index.

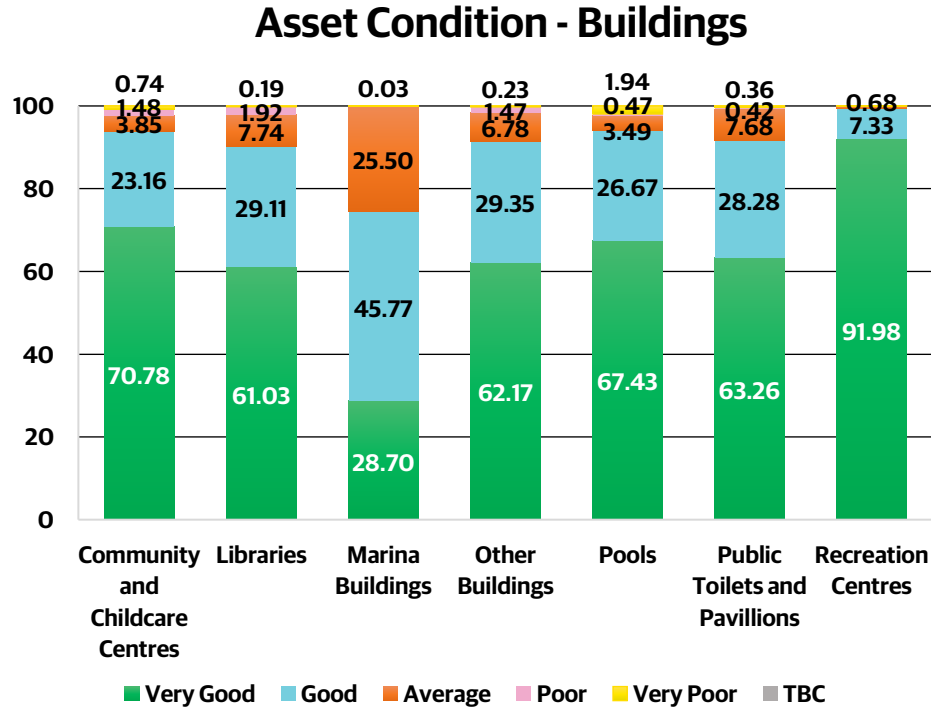


Figure 18: Community and Recreation Facilities Asset Condition

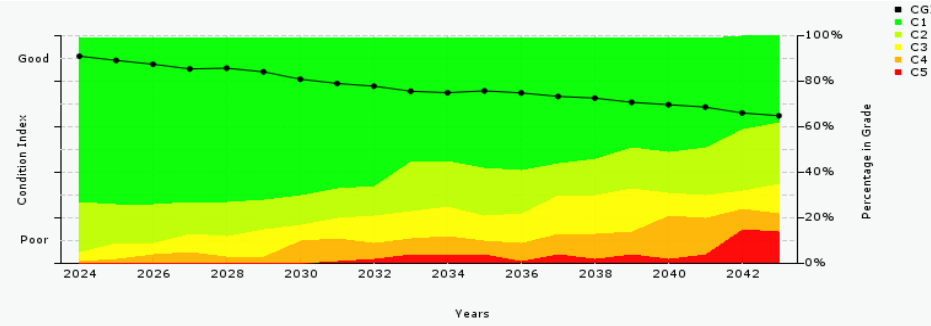


Figure 19: Community and recreation Facilities 20 Year Asset Lifecycle Analysis - Unconstrained Expenditure

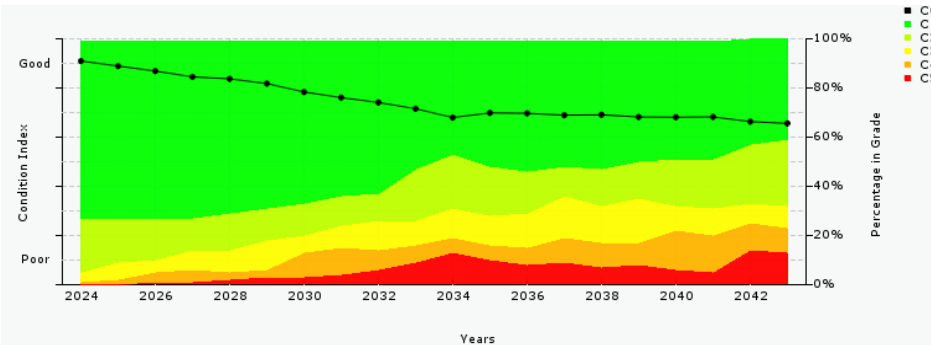


Figure 20: Community and recreation Facilities 20 Year Asset Lifecycle Analysis - 75% Constrained Expenditure

Additional lifecycle information relating to both building and non-building assets is captured and detailed within the applicable Asset Management Plan.

Application of the 75% funding is manageable with minimal risk. We will be keeping Community Facilities renewals to a bare minimum while the investigations as per the Community Facilities Plan take place. The focus will be on safety and compliance.

Level of service and performance

Council provides a very wide range of assets and facilities to support its community and recreation services. The services delivered through our facilities generally have high user satisfaction (libraries 85%, community centres and hall 85%) and high community utilisation. Cleanliness, smell and maintenance of public toilets are the most significant areas of dissatisfaction.

Some of our facilities are however starting to age – the average age of our community facilities is 58 years – and this means that some of the facilities are no longer fit for purpose and/or meet community expectations. We have an over provision in facilities, mainly because of the age and smaller centres. The only identified network gaps relate to

recreation centre provision and specific aquatic facilities for play and hydrotherapy.

Through our city-wide needs analysis, we found that Wellington has a substantial number of community facilities, but many are small, ageing and not fit-for-purpose. Some facilities are not fully accessible, and many do not reflect te ao Māori. There is an uneven distribution of facilities leading to overlapping catchments, diluting demand, and contributing to low use of some facilities. Besides identified gaps in the provision of indoor recreation and some aquatic services, geographically the city is well covered, but it is the design, size and quality of facilities impacting the ability to meet needs, now and as the city grows. Wellingtonians are calling for better quality and a wider range of offerings, not necessarily more facilities.

A key level of service gap is for all new buildings and existing facilities to meet accessibility codes. We do not yet have data on this.

Council's role

The Council provides community facilities, programmes, and experiences to encourage participation in recreational, cultural, creative, social, and learning opportunities. The physical spaces – or facilities – are the platform for

community development, connection, activities, and services to take place. We know these opportunities and connections contribute significantly to our physical, mental, social, emotional, and spiritual wellness. Wellingtonians are highly engaged and really value community facilities, and there is some concern about closing facilities due to the potential impact on communities.

The Council currently owns a large portfolio of public toilets as they contribute to the maintenance of public health and wellbeing, and the private sector does not always provide public conveniences to the required level and/or quantity. We recognise that clean, well-maintained public toilets that are accessible, safe, and strategically situated are an important amenity that support people to live, work and play in Pōneke.

Key challenges

This activity group is affected by all the identified key challenges.

- Population growth and changing demand – Many of our community facilities are small, single purpose or stand-alone, and not fit-for-purpose. Our analysis found there is little collaboration across facilities, even when buildings are situated close to each other. There is also an uneven distribution of

facilities contributes to overlapping catchments, spreading demand between some facilities. Together these challenges result in lack of flexibility to cater for changing demand, increased user dissatisfaction and low use of facilities, and high maintenance and operating costs. To accommodate anticipated demand and changing community needs, we need better facilities, not more. Geographically the city is well covered, but it is the design, size, quality and how we deliver our recreation and community facilities of facilities impacting the ability to meet needs, now and as the city grows. The exception to this is identified gaps in the provision of indoor recreation and some aquatic services, particularly pool play spaces, and hydrotherapy facilities. Aging and declining condition of infrastructure – The average age of our facilities is 58 years, which contributes to deteriorating condition and appeal, and increasing maintenance and operational costs. For older facilities, the design may not be suitable for current needs, and not meet modern standard to be accessible, inclusive, or sustainable. With an ageing network of facilities, there is a lot to do. The Council has many priorities and we do not have the funding to do it all at once. We

therefore need to carefully evolve, by being smarter and maximising the benefits of our facilities and investment. Te Awe Māpara highlights our three oldest pools are reaching the end of their useful lives and have issues with accessibility, fit for purpose, earthquake prone and impacts of flooding and sea level rise.

- Mitigation and adaptation to climate change – Climate change is placing increased pressures on all our facilities, some facilities have been impacted by extreme weather events, it is likely these will be impacted again and more severely. In responding to climate change, we also need to reduce carbon emissions. Our swimming pools contribute to about 45% of the Council's entire building carbon emissions. We need to ensure our buildings are energy efficient and have a low carbon profile, with a focus on moving away from fossil fuels to electricity. Sea level rise and more frequent severe weather events causing flooding are having impact on some of our community facilities, particularly some of our pools.
- Earthquake hazards and earthquake prone buildings – 10% of our community centres, pools, recreation centres and libraries are seismically vulnerable, as well as

other community facilities in the network. Some are in locations prone to liquefaction, tsunami, and earthquakes.

- Affordability and deliverability – Over the last seven years there has been a 45% increase in operating costs of community facilities, driven by inflation, decreased revenue (over the period of the Covid-19 pandemic), insurance and utility increases significantly above inflation, and increasing maintenance and delivery costs. The cost of maintaining and upgrading our community facilities is continuing to rise due to the number and age of the facilities as well as inflationary pressures such as the costs of materials and labour. We need to apply consistent criteria to determine our priorities and ensure investment delivers the greatest benefits against the outcomes we want to achieve.

Principal options

This activity and related solutions primarily contribute to the priority *"Invest in sustainable, connected and accessible community and recreation facilities."* We will also take every opportunity to apply each of the strategic approaches.

The following shows how we have used the strategic priorities and applied the overarching principal

options to identify specific options to address the key issues for this activity group.

- Prioritising growth areas – We will prioritise undertaking the investigations into local area needs first to enable better long-term planning. Any infrastructure delivery will be prioritised according to the spatial plan priority areas in conjunction with the prioritisation criteria set out in the Community Facilities Plan.
- Targeting emissions reductions to the greatest gains and operational efficiency – Council's Decarbonisation Plan outlines a programme to move away from the use of natural gas and improve the energy efficiency of many of Council's buildings including community facilities. The greatest emissions reduction gains will come from degasification of the pools. This change will also result in operational cost savings as the cost of natural gas continues to significantly increase and is projected to do so in the future.
- Mitigating climate change and grow our understanding of adaptation impacts and costs – Some of the Council's pools and marinas are key assets in this activity area affected by the impacts of climate change, including sea level rise. Climate change adaptation planning will help inform future investment decisions, particularly for assets in coastal locations. Future community leases and renewals will consider any impact of climate change and adaptation requirements.
- Strategic rationalisation to better manage the overall asset portfolios – In addition to the outcomes sought by Te Awe Māpara and Te Whai Oranga Pōneke, strategic rationalisation will be a key factor for consideration in the investigations of each area's needs.
- Prioritising interventions and the work programme for affordability – Community and recreation facilities are expensive to build and maintain. Over the last seven years there has been a 45% increase in operating costs, driven by inflation, decreased revenue (over the period of the Covid-19 pandemic), and increasing maintenance and delivery costs. Managing demand and optimising levels of service will be a key consideration in the investigation and activity management of community facilities and services. We will follow a robust process to work with the community, understand needs, test all options, determine the best response, and prepare a business case to provide clear justification for any investment to change a community facility.

Issues and options

A summary of the detailed list of issues is provided in the appendix.

Issues	Options	Decision Date	Delivery Timing	Costs	Risks and Implications
Addressing ability to meet changing demands, accessibility and inclusion	Undertake investigations as per the Community Facilities Plan	There will be rolling decisions to be made as each investigation is completed	<u>Opex</u> 2024-27 2027-30 2030-34 2034-44 <u>Capex</u> 2024-27 2027-30 2030-34 2034-44 2044-54	<u>Opex</u> \$880k \$585k \$385k \$260k <u>Capex</u> \$400k \$11 m \$101.5 m \$114 m \$71.5 m	Note that the costs for physical works are unknown until such time that these 44 investigations have been carried out in partnership with community. Indicative capex costs for any physical works associated with all the 44 delivery and facility investigations could be between \$250m through to \$530m over 30 years.
Central Wellington Pool Provision (Freyberg, Thorndon & Khandallah)	Undertake a detailed needs assessment and feasibility study as per Community Facilities Plan (Adopted)	Work to be completed in first 18 months, to allow decisions on these pools to be made as part of the 2027-37 LTP	2024-26	<u>Opex</u> <u>\$120k</u>	Significant capex will be required. Retention of existing facilities is estimated to be considerably more costly than a new consolidated facility. It is noted there is a lot of community attachment to each of the existing pools.
Central Wellington Pool Provision (Freyberg, Thorndon & Khandallah)	Khandallah Pool redevelopment – new pool	2024	2021-31 Ongoing	<u>Capex</u> \$11.7m <u>Opex</u> \$1.1m p.a.	The \$11.7m cost of the pool is significant for the potential pool size (25m x 7.5m) and it comes with significant site constraints. The cost of \$62,400 per square metre of water space is approximately three times more expensive than two recent indoor pool developments (Stratford Aquatic Centre and Hawke's Bay Aquatic Centre). Indoor pools generally have a much higher cost than outdoor pools, due to the cost of building fabric, protective coatings, vapour barriers and the need for mechanical ventilation. The high build cost, reduced pool size, and other site constraints, including limited parking, are anticipated to result in a low value outcome for the level of investment, with a potential increase in ratepayer subsidy per swim from \$25 per swim (in the 2022/23 year) to approximately

Issues	Options	Decision Date	Delivery Timing	Costs	Risks and Implications
					\$60 to \$80. In 2022/23 the ratepayer subsidy per swim across all pools averaged \$22.
Central Wellington Pool Provision (Freyberg, Thorndon & Khandallah)	Close the pool, landscape the site (preferred)	2024	2021-31 Ongoing	<u>Capex</u> \$4.5m <u>Opex</u> \$0.34m p.a.	The landscape option would restore the stream channel, improve flooding mitigation, and create a new entranceway into Khandallah Park.
Central Wellington Pool Provision (Freyberg, Thorndon & Khandallah)	Retain and refurbish the Khandallah Pool tank, replace existing buildings and improve flood mitigation. (Adopted)	2025	2026 2025/26 2026/27	<u>Capex</u> \$7.5m <u>Opex</u> \$400k \$400k	This confirms the decision to retain the Khandallah Pool
High carbon emission profile of swimming pools	Complete degasification of the 4 identified pools (Adopted - funding to be allocated from the Climate Resilience Fund of \$14m)	2024	2024-34	<u>Capex</u> \$15.5m <u>Opex</u> \$8.4m	The project will result in lower costs to run - an average annual operating saving of \$1.37m /year. The required energy network upgrade means a project at Freyberg Pool cannot be completed prior to 2028/29. Any building and plant upgrades for Freyberg Pool will be considered as part of Central Wellington swimming pool provision.
High carbon emission profile of swimming pools	Defer (Although the Council would prefer to do degasification, the decision has been taken to do nothing for affordability reasons at this time, to be revisited in future LTPs)	2027	TBC	TBC	There is a likely ETS liability of \$344k/year by 2023 increasing to \$574k/year by 2050.

Issues	Options	Decision Date	Delivery Timing	Costs	Risks and Implications
Addressing deteriorating condition and appeal of facilities Renewals includes: ■ Libraries ■ Community and childcare centre ■ Community halls ■ Pools and recreation facilities ■ Public toilets	Fully fund renewals Fund renewals at 75% for 10 years, then increase to 125% in years 10 to 30 (Adopted) Reduce levels of service	Every 3 years	2024-34 2034-44 2044-54	<u>Capex</u> \$60.5m \$137.3m \$148.6m	Deferring 25% of renewals does carry some risk. This will be managed through prioritising where the greatest need is, to meet the objectives of the Community Facilities Plan. The focus will be on safe and compliance buildings. But we will be keeping renewals to a minimum on buildings that are subject to review before the outcome is identified. However, in the longer term it may result in increased maintenance in outer years. Increases operational risk.
Evans Bay Marina Evans Bay marina has significant performance challenges. Some short-term renewal investment will continue to be needed until future options are decided. The Evans Bay Marina requires a considerable upgrade due to its age, and sea level rise. The operational model for this also needs to be reviewed and a decision about whether we retain this into the long term will need to be made. Decision required 2027.	Pause and reset – undertake a section 17a review to determine long term future in time for the 2027 LTP, including consideration of full upgrade of Marina, demolish and repurpose coastal area.	2027	2027 – 2031	\$15m	Requires investment until long term decisions made. Undertake a staged upgrade to spread financial risk. Heightened risks to reputation if Marina is demolished. High ongoing costs to keep marina functional, not allowing for sea-level rise and risk of asset failure.
Wadestown Community Centre	Sell the community centre site	2024	2024-2027	Proceeds estimated at \$1.38m	In comparison to other similar community centres, there is low usage at 29.9% of the hour available to hire. Location of the site means it's not feasible to modernise.

Issues	Options	Decision Date	Delivery Timing	Costs	Risks and Implications
Poorly located on a steep hill, with limited visibility, poor accessibility, no car parking, small size and open layout which limits use and flexibility to provide a range of activities. Cost of deferred maintenance est. \$660k	(Adopted)			Opex annual savings \$65k	
Karori Event Centre	Offer the Karori Event Centre back to the Karori Community Hall Trust (Adopted)	2025	2025-2026	\$1.9m	The Karori Event Centre was gifted to Council by the Karori Community Hall Trust in Dec 2022 with the intention that Council would fund the completion of the project to a max cost of \$1.8m. The current cost to achieve building code compliance is estimated to be \$3.3m. The Council will work with the Trust to hand back the building for the Trust to complete the work needed.

NOTE: Dollar amounts are indicative for out years and will be refined as more information is available and the implementation period draws closer.

Community and Recreation Facilities Activity Opex and Capex forecast

Year	Operating Expenditure	Capital Expenditure
2024/25 ²³	132,221,492	18,166,063
2025/26	144,357,188	29,595,121
2026/27	150,424,571	32,689,405
2027/28	154,678,087	29,823,202
2028/29	159,937,910	24,417,732
2029/30	164,495,705	20,824,238
2030/31	168,156,486	44,380,696
2031/32	173,355,637	40,674,853
2032/33	176,408,373	37,385,765
2033/34	180,649,786	48,422,802
2034-2039	946,143,874	223,056,062
2039-2044	1,044,243,309	229,461,913
2044-2049	1,145,392,589	154,597,607
2049-2054	1,159,989,030	108,210,948
Total	5,900,454,037	1,041,706,408

Figures are inflation adjusted

²³ The 2025 Budget figures reflect the impact of the Long Term Plan Amendment and capital rephasing approved by the Long Term Plan and Financial Performance Committee on 22 May 2025

Āpitianga Appendices

Appendix 1 – NIWA forecasting assumptions

Regional climate change assumptions

Climate change variables (projections) 2017

<https://www.gw.govt.nz/assets/Documents/2017/06/Climate-Change-and-Variability-report-Wlgn-Regn-High-Res-with-Appendix.pdf>

Climate extremes 2020

<https://www.gw.govt.nz/assets/Documents/2021/11/GWRC-2020-extremes-appendix-FINAL.pdf>

WCC NIWA Reports for district plan

[Sea-Level rise projections - March 2021 \(1MB PDF\)](#)

[Coastal hazards report - August 2021 \(14.2MB PDF\)](#)

Appendix 2 – Summary of community facilities issues

The full plan can be found online:
<https://www.letstalk.wellington.govt.nz/wellingtons-community-facilities>

Ability to meet changing demands

We have substantial provision of community facilities in Wellington, not including public toilets we have about one facility per thousand people and 1.2 sqm per person.

Most of the facilities are small, stand-alone, and single purpose. Excluding a few very large facilities, like Ākau Tangi and the Wellington Regional Aquatic Centre (WRAC), the average size of all community facilities is 524 sqm. Small and older facilities do not cater for the range of current community needs or provide flexibility for changing needs and aspirations.

A key finding is community facilities that may have been perfect 50 years ago, are no longer fit-for-purpose for today and the future.

Geographically we have enough facilities to serve the city, however the following gaps exist:

- Recreation centres: these facilities are under pressure and there is an indicative geographic gap around Takapū/Northern and Wharangi/Western area.
- Swimming pools: we do not have enough play or hydrotherapy water in our network and there are potential geographic gaps in learn to swim provision.
- Public toilets: there may be geographic gaps in the City Centre, and at some community neighbourhood parks and beach areas.

Wellington does not need more, but better community facility provision. We need to work with the community to make careful decisions about future provision. Investment will be needed to address the identified challenges and to deliver thriving and accessible community facilities, where people connect, have fun, and belong.

Accessibility and inclusivity of community facilities

In Pōneke there are many different communities with diverse interests, needs and aspirations for community facilities. Our analysis found across

the 49 libraries, community centres, recreation centres and swimming pools, there are a range of fit-for-purpose issues including:

- 75% of facilities do not reflect mātauranga Māori or te ao Māori, with minimal or no te reo signage or visibility of Māori narratives, identities, histories, or landmarks.
- 44% of facilities have poor accessibility into or through the spaces.
- 38% of facilities are not inclusive for diverse needs, such as gender-neutral toilets, baby changing / parenting facilities and low sensory spaces.
- 15% of facilities have aspects which are unsafe for users or staff.
- The functionality of community facilities for art and creative activities is a significant limitation identified by both users and facility providers.

Investigations will be done in partnership with mana whenua, Māori, and all communities to understand the diverse needs and lived experiences of diverse groups.

Deteriorating condition and appeal of facilities

Our analysis found across the 49 libraries, community centres,

recreation centres and swimming pools, there were the following quality issues:

- 27% of facilities have significant building issues like leaks.
- 25% of facilities have insufficient capacity (size), 15% are not functional for intended activities and 27% have poor flexibility.
- 10% of facilities have seismic issues and 13% are in vulnerable locations for natural hazards.

Using the actions and consistent decision-making process set out in Te Awe Māpara, we will continue to carry out maintenance and improvements to existing facilities to maximise the value of what we have.

We recognise in some situations, where facilities are in deteriorating condition, inaccessible, poorly located, or poor design, the option which provides the greatest value for money may be to divest an existing building and consider alternative options. Given the age of facilities, there may be times when we need to consider divestment, such as:

- A building comes to the end of its useful life.
- Need for a facility diminishes and the building cannot be adapted.
- The site where a facility is located is subject to significant resilience risks which cannot be sustainably mitigated.

- A lease/licence has expired or terminated, and the building is not fit-for-purpose or needed.

High carbon emission profile of swimming pools

Pools contribute 45% of Council's building carbon emissions. Swimming pools are heated and cooled with gas, and collectively are the Council's largest user of both gas and electricity.

The decarbonisation of the Council's community facilities, including the pools, is a significant part of the wider Energy Decarbonisation Plan (EDP). Delivering the EDP is critical to reach the 57% 2030 reduction target set out in Te Atakura.

The four pools in scope are: WRAC, Keith Spry Pool, Tawa Pool, Karori Pool.

Note that as part of decarbonisation, along with switching away from fossil fuels, this programme includes improving the energy efficiency of mechanical plant such as Heating, Ventilation, Air Conditioning (HVAC) systems which are critical in the environmental control of pools (i.e. managing the air within a swimming pool complex).

Affordability

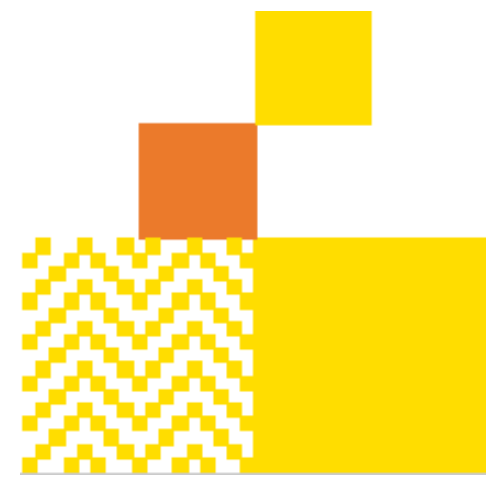
Community facilities are expensive to build and maintain. The Council has a community facility portfolio based on a current value of \$420 million. The cost of delivery is approximately \$64 million for the primary network of libraries, swimming pools, recreation centres and community centres. Over the last seven years there has been a 45% increase in operating costs, driven by inflation, decreased revenue (over the period of the Covid-19 pandemic), and increasing maintenance and delivery costs.

The decisions made early in the process have a direct impact on the long-term success of a facility. These decisions include the location, size, design, materials, and assumptions about how the facility will be delivered. A robust investigation process ensures all these aspects are assessed before a decision to invest is made.

In the past some decisions have not always followed a consistent process or been fully informed by evidence, which has resulted in:

- Facilities in poor locations or with design deficiencies which impact how easily people can use and access the facilities, and the efficiency of the facility to operate.
- Missed opportunities to achieve a holistic network.

- Lack of forward thinking to achieve the Council's strategic outcomes like good urban design and hazard resilience.
- Focusing on a building solution when non-building options like pricing, programming, and marketing may be more beneficial.



Rautaki ahumoni

Financial

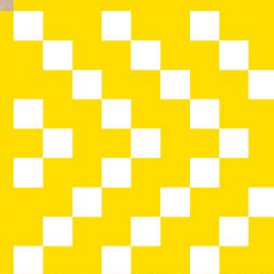
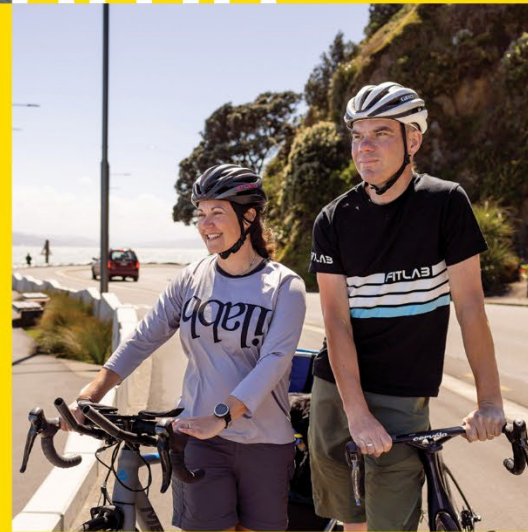
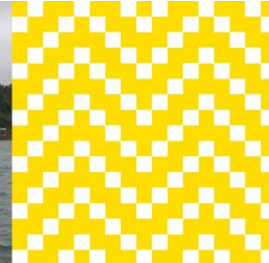
Strategy

Kei tēnei wāhanga

Kei tēnei wāhanga nei, ko ngā taipitopito whānui mō tō mātou Rautaki Ahumoni, tērā e noho ana hei tūāpapa ki tō mātou mahere ngahuru tau. Ka whai wāhi ki tēnei ko ngā tūraru matua, ngā popono me ngā arawātea, tae atu hoki ki ā mātou whākinga e hāngai ana ki ngā Local Government (Financial Reporting and Prudence) Regulations 2014.

In this section

This section includes the full details of our Financial Strategy that underpins our Long-term Plan. This includes the key risks, demands and opportunities as well as our Local Government (Financial Reporting and Prudence) Regulations 2014 Disclosures.



Introduction

The Council's financial and infrastructure strategies are the main foundations for the long-term plan (LTP). The strategies are interdependent in that they together:

- tell a story about the levels of service that are planned, the required infrastructure investment, and the associated costs;
- specify the funding and investment boundaries and/or financial trade-offs in advancing the Council's outcomes, priorities, and proposed levels of service; and
- identify and guide the management of any financial risks to service delivery and the financial health of the Council.

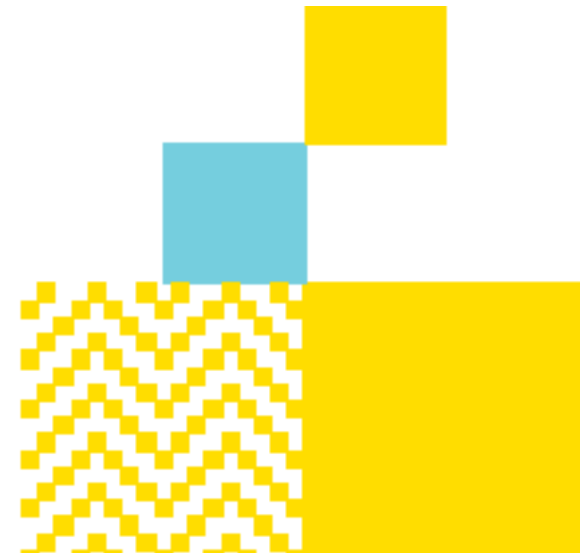
Both strategies respond to the strategic challenges, issues and expectations faced by the city.

This Financial Strategy outlines our overall approach to managing the Council's finances over the next ten years. It provides guidance to manage financial risk, and it explains the effect of spending decisions and funding choices on levels of service, rates, debt, and investments. In the meantime, the funding options

available to the Council are limited. We must make careful decisions about what we invest in and when, to provide the required service in the most cost-effective way. We must also ensure that those generations that benefit from the services we provide are the ones that pay for those services.

This strategy also sets the limits (e.g., rates, debt) within which the Council proposes to manage its finances over the life of the LTP.

The Council is committed to responding to the needs of the community in an affordable way as well as funding long-term projects to support its vision: Poneke: A creative capital where people and nature thrive. However, the Council faces significant demand for increased investment in its infrastructure while investment capacity is reducing. We must also ensure that those generations that benefit from the services we provide are the ones that pay for those services.



Te nui o te haumi ka taea e mātou me ngā popono tūāhanga

Part 1 - Our investment capacity and infrastructure demands

The biggest challenge for the Council is that our investment capacity is reducing but our infrastructure demands are increasing faster than our ability to fund the required work. Key contributors to this are outlined here.

Investing in the City

The 2021 LTP established a 2040 vision for the City to be 'an inclusive, sustainable and creative capital for people to live work and play'. The 2024 LTP broadly continues this ambitious vision by investing in

significantly improving services and infrastructure.

We must also focus on accommodating expected growth²⁴. We are a compact City, and our district plan looks to accommodate this growth by intensifying existing residential areas. This may see an increase in mixed use properties (e.g., both commercial and residential).

We expect no other significant changes in land use. There are minimal operating costs associated with growth and land use change. Capital cost implications are detailed below.

To meet our vision, over the last two LTPs the Council has made strategic

decisions to invest in many projects, including core infrastructure, the new build of the Tākina Convention Centre, and reinstating earthquake prone buildings such as the strengthening and modernisation of Te Matapihi Central Library and the upgrade of the Town Hall. This has been funded by taking on additional debt, which has resulted in the Council's debt more than doubling since 2017²⁵.

While the current debt held by the Council is well within the covenant limits set by the NZ Local Government Funding Agency (who the Council borrows most of its debt from) we will exceed the internal self-imposed debt-to-revenue cap for four of the first five years of the

plan, before returning within the limit in 2029/30, see page 103. As a result, we need to carefully consider what projects we pursue in the future.

In this LTP the Council is focused on delivering core services, such as waters and transport. Because of decades of underinvestment in infrastructure and the long tail of earthquake impacts on many key buildings across the city, our required investment in our core assets is significant.

The Council is committing to 'looking after what we have'. There is little scope for us to significantly increase level of service targets over the next 10 years²⁶.

²⁴ Wellington City's population is forecast to grow 26% between 2021-2054 and the 2021-31 (Sense partners population forecast)

²⁵ As at 30 June 2017 the Council's borrowings were \$582m, it is now more than \$1.4b

²⁶ Levels of service are what we have agreed to deliver to, and on behalf of, the community. These are set through the Council's LTP, sometime in response to community desire, and sometimes in response to statutory requirements.

Our infrastructure demands

The Council's Infrastructure Strategy (IS) identifies significant needs, challenges and options for managing infrastructure over the next thirty years. The IS signals where asset investment or optimization (including divestment) may be needed.

The IS identifies five infrastructure challenges that are key drivers of the financial sustainability challenges addressed in this strategy:

1. Population growth and changing demand and expectations.

Wellington has sustained a steady 1.2% population growth per year from 1998 to 2018. The forecast growth rate going forward is lower at 0.8% per year. This will still result in between 50,000 - 80,000 extra people over the next 30 years and requires approximately 24,000-31,000 more housing units. An aging population, changes to household size, more intense and mixed land uses, and accessibility requirements affects the range of infrastructure / services needed while increasing the demands on the existing networks across the city.

Many infrastructure networks will require more or new investment to support this forecast growth particularly the intensification of existing urban areas and along key public transport corridors as signalled in the Spatial and Proposed District Plans.

2. The aging and declining condition of our infrastructure portfolio - in particular water and transport networks. The age, condition and performance of our water assets is under significant stress. These assets, which were designed at a time to service a smaller population, less housing and different weather patterns, require significant on-going investment at a scale far greater than in recent years. Wellington's topography constrains our ability to add or widen corridors for our transport network.

This lack of capacity shows up as congestion on the roads and creates safety issues, especially for vulnerable road users. To maximise the safety and efficiency of our network, increase the provision of safe convenient and reliable low carbon transport mode options, relocation of some space away from inefficient private vehicle traffic lanes and parking to higher capacity public transport and active mode corridors.

To deliver these changes in our transport system, considerable investment will be required for decades, either through government or some other funding mechanism.

3. Mitigation and adaptation to climate change. Much of our infrastructure was planned and built before we considered the impact on carbon emissions. To reach our goal of a 57% reduction in emissions by 2030 and achieve net-zero carbon by 2050, we must rethink and redesign our infrastructure.

Climate change is already affecting New Zealand, impacting its natural environment, economy, and communities. Without proactive adaptation, further climate-related changes are expected to significantly impact our infrastructure.

Previous weather events underscore the exposure of Wellington's infrastructure to various climate-related impacts, such as extreme weather events, sea level rise, flooding, coastal inundation, erosion, landslides, and rising temperatures. Future costs to the Council for making infrastructure more resilient will be material. Estimates indicate that the cost of not taking action to address climate issues is seven times higher than the cost of

safeguarding our current and future infrastructure.

4. Mitigating earthquake hazards, buildings earthquake resilience and insurance cost inflation.

Wellington faces threats from earthquakes, landslides and the effects of climate change. Wellington is a hilly city. It has many bridges and retaining walls, and limited access points - these critical links must be resilient.

This means ensuring they can withstand the impact of earthquakes and other natural disasters, so people can continue to access essential services. To be a seismically resilient city, much of our infrastructure needs to be remediated, particularly buildings and facilities. Seismic resilience is also about ensuring safety and access to lifeline services.

Many of the Council's buildings are not earthquake-prone, but some are, and require remediation. This includes a few key public use buildings. In this environment, insurers are limiting their exposure to the region's hazards by narrowing cover and/or increasing the cost of cover.

5. Affordability, funding and market capacity to deliver the require infrastructure investment programme. The costs associated with maintaining, operating,

renewing, and upgrading the Council's significant portfolio of infrastructure are substantial and have been increasing materially since the COVID-19 pandemic.

Funding tools are limited, and while the Infrastructure Funding and Financing Act 2020 provides an 'off balance sheet' solution not impacting borrowing limits, the costs still fall to the community who themselves are facing cost increases and affordability issues.

Added to this, Civil Contractors New Zealand reported that the civil construction industry face major challenges including greater uncertainty for future projects, attracting and retaining skilled people, cost escalations and supply chain issues.

Addressing these challenges has been constrained by a recent history of incomplete asset management, data maturity and under investment in asset maintenance and renewals.

Progress has been made to collect more and better information about our assets, particularly our most critical assets. We need to maintain or even increase our investment in this area to ensure we can continue to make good decisions about when investment in our infrastructure is optimal.

The current economic environment

The economic and community operating environment has dramatically changed since the Council prepared its 2021-31 LTP. We are operating in an environment of high inflation, high interest rates and borrowing costs have increased steeply since 2021.

Insurance premiums continue to rise while access to insurance for many of Council's assets is becoming more difficult. Put simply, everything we do is costing more to deliver. While the Council's current financial position is strong with a credit rating of AA+ (negative watch) and total assets of over \$10b, the Council is now facing and addressing:

- Material near-term cost and affordability challenges; and
- Medium to long-term balance sheet and funding constraints.

Day-to-day costs have also had a significant impact on our community. Households are under financial pressure in this economic environment, with Council's main source of income being rates, careful

decisions need to be made about what the community can afford.

There is growing community pressure for the Council to live within its means (i.e., deliver affordable services). Successive years of double-digit rates increases are eroding community perceptions of service affordability and rates increase tolerance – particularly as cost-of-living pressures continue.

In 2007 a Local Government rating inquiry report found that as a rough benchmark, affordability problems could arise where rates exceed 5% of gross household income. Wellington City remains below this indicative benchmark level (even when including the proposed sludge levy). However, rates across Wellington City vary greatly and there are suburbs in Wellington where the 5% affordability benchmark has been reached.

There is no easy solution. High inflation and costs (particularly the cost of borrowing) in the current economic environment is restricting what we can afford to do.

The 2023 Future for Local Government review found that local authorities face significant funding challenges constraining their ability to deliver services to their

communities, meaning there is limited capacity or resource to work with communities on more complex challenges. It also noted that the current local government funding and financing system is not sustainable²⁷.

We will work collaboratively with other councils and central government to seek changes to provide a sustainable funding model for local government and support new ways to deliver core services. For example, supporting the establishment of a new style of regional council-controlled organisation that has the mandate and financial sustainability to ensure the provision of a safe, reliable, quality water service for our communities.

In the meantime, the funding options available to the Council are limited. We must make careful decisions about what we invest in and when, to provide the required service in the most cost-effective way.

²⁷ Review into the Future for Local Government (2023) He piki tūranga, he piki kōtuku, Wellington: New Zealand.

Managing future risk

While we need to think about the immediate cost pressures, we also need to make sure we can respond to future challenges and natural disasters. Our balance sheet currently lacks the resilience to meet possible future events, which we are looking to address through this financial strategy.

The Wellington region has numerous large known faults such as the Wellington and Ohariu faults. The 2022 revision of the National Seismic Hazard Model estimates the likelihood of future earthquake shaking hazard to have increased throughout most of the country. Further, recent weather events in New Zealand have highlighted the impact of a changing climate.

If such an event were to occur in Wellington, we need to have the financial capacity to respond accordingly. The Council's current investment portfolio effectively has two main assets (WIAL shares and ground leases) and is highly exposed to disruptive events such as the COVID-19 pandemic or natural disasters.

Te urupare i ngā wero ahumoni o te kaunihera

Part 2 – Responding to Council’s financial challenges

The Council is committed to responding to the needs of the community and the aspirations for the City’s future.

The budget and investment programme in the 2024-34 LTP underpins the vision and the nine LTP strategic priorities guiding the Council’s LTP work programme.

In addition, the development of this strategy and future financial decision making is informed by the advice of the 2023 Citizens’ Assembly Pilot (the Assembly). Relevant recommendations of the Assembly are that the LTP, as part of its medium-term focus, look to diversify revenue streams, advocate to central government for legislation changes to access alternative revenue streams, considers investments and partnerships to supplement rates revenue and prioritising capital spend according to affordability.

In this environment our ability to maintain the pace of delivery for our capital investment programme and maintain prudent financial planning and management is increasingly

under pressure. To address these challenges, the Council is planning to:

1. Continue to invest in the city but rephrase and reprioritise the capital programme of works, with a focus on completing projects that we have started, looking after our existing assets, and meeting regulatory requirements. The Council is increasing its borrowing capacity by reducing the capital programme over the ten years of the Long-term Plan using these principles.
2. Seek opportunities to increase non-rates revenue and make efficiencies and some reductions in levels of service to manage immediate cost pressures.
3. Make better use of investments to better deal with the risks and external costs pressures more effectively. This includes diversifying the Council’s investment portfolio through the creation of a disaster resilience fund. The Council’s investment assets are highly concentrated in

terms of geography, asset type and liquidity.

4. Look for long-term solutions for local government funding and financing, including continuing to advocate and support change for the establishment of a new style of regional council-controlled organisation that has the mandate and financial sustainability to ensure the provision of a safe, reliable, quality water service for our communities.

Continued investment in assets

The IS provides details of the level and timing of investment needed to operate, replace, renew and upgrade existing facilities over the next 30 years.

The Council primarily borrows to pay for the construction/purchase of new assets. These assets generally provide new or enhanced benefits to Wellington for many years. Borrowing therefore has the advantage of being a cost-effective

and equitable way to fund these assets as it spreads the cost of the asset over the future generations of ratepayers who will benefit from the use of the asset.

If the capital expenditure relates to the replacement (renewal) of an existing asset, that expenditure will be initially funded by borrowings but be repaid by rating for depreciation over the life of the asset. Any surplus rate funded depreciation, after paying for the replacement of Council assets, will be used to repay borrowings.

The increased investment in infrastructure to provide for growth is proposed to be recovered in part through development contributions. However, the Council also funds growth infrastructure through debt. Over time as new lots are created and new houses and apartments are built across Wellington there will also be more properties to share the rates across, reducing the impacts on existing ratepayers.

The Council’s capital programme has been updated to reflect the transfer of three-waters assets to a regional

Council-controlled Organisation as at 1 July 2026. The Council has also received a reduction in funding from the National Land Transport Plan (NLTP). New Zealand Transport Agency Waka Kotahi (NZTA) approves funding on a three-year cycle based on the Government's priorities for the same period. The funding level approved for one three-year period is not an indication of funding in the future years. The Council has reduced its capital programme to mitigate the loss of funding from the NLTP for the current three-year cycle, over the ten years of the plan.

The Council must operate within its debt covenant levels and therefore there are limitations on the level of investment in assets it can undertake based on the amount it can afford to

borrow. Due to the significant underinsurance, and a constrained private insurance market, the Council is increasing its borrowing capacity and established a disaster resilience fund to self-insure in the event of a natural disaster. The Council has increased its borrowing capacity over the ten years of the plan by reducing the capital programme and reducing the self-imposed debt/revenue ratio to 200%.

The Council borrows from the NZ Local Government Funding Agency, who set a debt to revenue ratio covenant of 280%. The Council has set its own debt to revenue ratio limit at 200%, starting from 2025/26. The Council's debt to revenue ratio limit has historically included a provision for insurance headroom of \$272m. This amount was set in the 2021-31

LTP and reflected the "gap" in insurance coverage available to the Council.

The current financial strategy removes the insurance headroom from year 2 (2025/26) of this plan. In the event of a natural disaster the Council will have borrowing capacity up to the 280% LGFA limit. By reducing its self-imposed debt/revenue ratio limit, the Council is creating increased headroom to respond in the event of a natural disaster.

The Council's own limit has been set giving regard to:

- The Council having the future cashflows to repay the debt;
- The ability of ratepayers to service debt - including both interest and repayments;
- Having necessary debt facilities, credit rating and security in place, which is achievable over the medium to long-term; and
- Maintaining financial headroom to deal with unknown shocks.

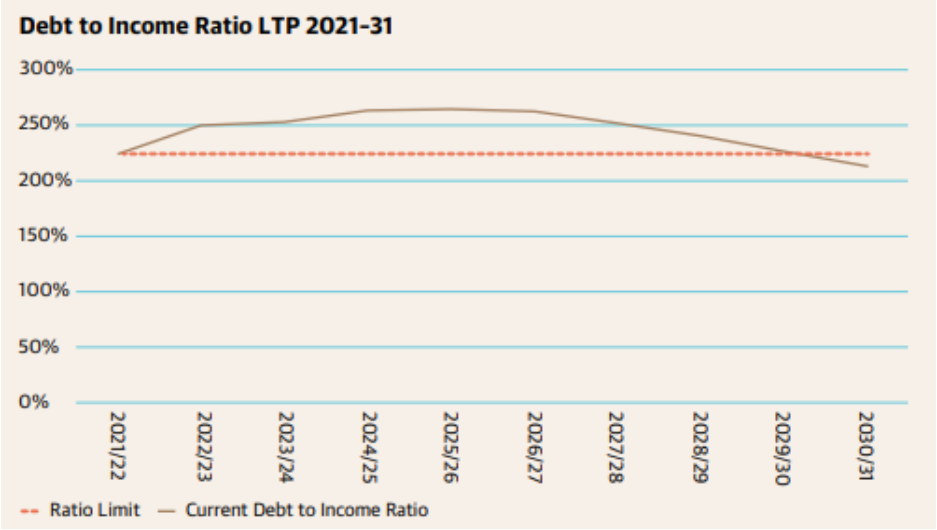
In preparing its 2021-31 LTP, the Council was forecasting to exceed its debt-to-revenue limit in the first seven years of the plan. While the Council's actual debt-to-revenue ratio has not exceeded the 225% limit to date, debt has still increased significantly.

With significant increases in construction costs, the scope of works being undertaken (for example the cost of the Town Hall remediation being significantly higher than planned) and the size of the Council's capital expenditure programme, the Council is expected to exceed its own debt to revenue limit in this LTP period.

However, there is a need to manage the costs of the Council's future capital programme to ensure that debt can be managed, the Council operates within its own debt to revenue limit over the ten years of the plan, and does not breach the debt to revenue covenants set by the NZ Local Government Funding Agency.

Another critical impact of funding capital expenditure through increasing debt, as well as through depreciation funding, is on future operating expenditure (and therefore on future rates). As both our asset base and our level of debt grows, so do operating costs of debt financing and asset management and renewals. These increasing cost pressures include:

- Increasing interest payments as the debt principal increases
- Increasing depreciation as the value of total assets increases



- Increasing costs of operating costs such as repairs and maintenance and insurance.

To respond to these pressures, and to increase borrowing capacity, the Council has reprioritised and rephased the capital programme using the following principles:

- Complete works underway - examples include things like the Town Hall, Te Matapihi Central Library, parking enforcement technology roll-out etc.
- Deliver what is legislatively or contractually required - examples include Phase 2 of the Housing Upgrade Programme, multi-year contracts, earthquake strengthening; and
- Invest in areas where there are material infrastructure challenges e.g., three waters.

The remaining capital works programme has been rephased, reprioritised and rescoped so that it is evenly distributed over the ten years of the plan or beyond and fits within the available budget parameters.

Growth

Forecasts indicate steadily ageing population and smaller households as family sizes continue to decline. The population is seeing an increasing proportion of people in the 55-to-85-year age brackets, and the 20-to-30-year age group. There is a decreasing proportion of the population in the under 20-year age bracket and the 30-to-50 age group.

National population projections from the 2013 disability survey indicated a 45% increase in disabled population to 2038 compared with 31% increase in total population. The same survey indicated nearly 60% of people over 65 identified as disabled. Changing demographics affects the range of services we need to provide and demands on networks across the city - and long-term changes to household size, more intense and mixed land uses, and accessibility requirements.

The Council is planning to accommodate the growth of the city predominantly through intensification of existing urban areas and along key public transport corridors as set out in the Spatial Plan and Proposed District Plan. This will require new infrastructure including higher capacity public transport corridors to sustain growth, and existing infrastructure to be upgraded.

Capital Expenditure

The Council is investing \$3.5b in its capital programme over the 10-year period of the 2024-34 Long-term Plan. The table to the right shows the total cost of capital projects over the 10-year period of the 2024-34 Long-term Plan categorised by type of expenditure.

2024-34 Long-term Plan Capital Expenditure				
Activity Group	Renewals	LOS	Growth	Total
Water supply	25,684	3,451	892	30,027
Wastewater	35,632	365,201	32,987	433,819
Stormwater	3,286	5,625	314	9,226
Transport	438,481	421,265	70,741	930,487
Other Activity Groups	1,312,582	524,499	214,075	2,051,156
Total Capital Expenditure	1,815,665	1,320,041	319,009	3,454,715

Debt

The Council's net debt is expected to decrease to \$1.7b by 2033/34. This is a result of the reduction in the capital programme to increase borrowing capacity, and the transfer of water assets to a new water services entity.

For the debt to revenue ratio, income is defined as total revenue less development contributions, financial

contributions, vested assets, gains on derivative financial instruments, sludge minimisation revenue and gain on sale of investments. Borrowings is comprised of total borrowings less cash and cash equivalents and Other Financial Assets.

The Council decreases the self-imposed borrowing limit from 225% to 200% from 2025/26 onwards. Our forecast shows that the Council will

exceed its self-imposed debt to revenue limit for four of the first five years of the plan, then it gradually returns within this limit in Year 6.

Following reductions to the capital programme over the ten years, the Council has increased its borrowing capacity between the self-imposed debt to revenue ratio limit of 200% compared to the LGFA limit of 280%.

The Board of LGFA may be able to approve bespoke lending covenants to a Council where this might be required to recover from a significant natural disaster that impacted the ability to remain within those set out in the LGFA's Foundation Policy.

This would only be for a short term and would come via negotiation with the LGFA Board and would require bespoke reporting and monitoring arrangements to be put in place to ensure a path back to compliance with the Foundation Policy. Given this is bespoke and not guaranteed we have not forecast this in our strategy.

The debt to revenue ratio reduces from Year 6 mainly due to surplus depreciation funding that is not spent on renewals. It is important to note that surplus depreciation is expected at this point in time due to the increased investment in new assets that are being depreciated incrementally over their useful life.

Renewal of assets have been phased over the ten years due to affordability restraints which means postponements to some maintenance and renewal work. Funding for renewals from Year 11 onwards is planned to increase due to the rephasing and postponement in Years 1 to 10.

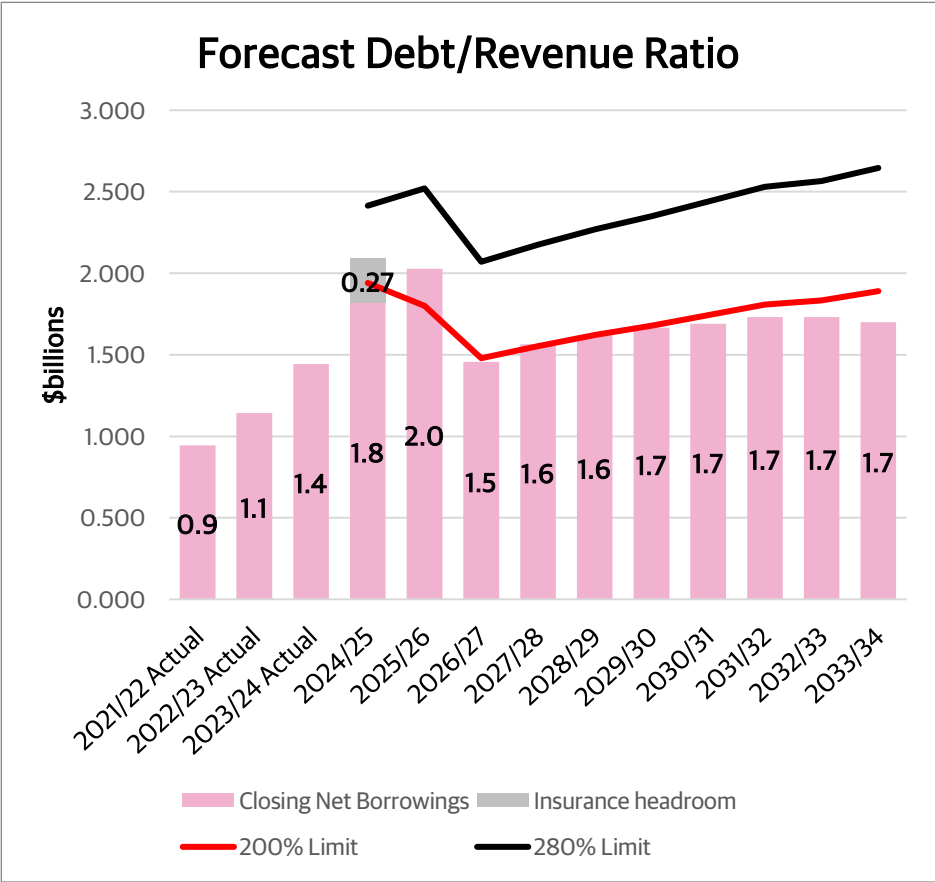
The Council will need to continue to monitor its capital programme to ensure it remains within the debt to revenue limit, this will act as a key metric in making future capital expenditure decisions. The Council will also need to ensure that borrowing capacity is maintained within its debt to revenue ratio to respond to any natural events (e.g. earthquake).

Risks to levels of service

Transport

We have a higher cost of transport road maintenance in Wellington City relative to other councils with similar transport networks. The sub-structure of Wellington's roads consists of flexible, highly water susceptible clays. This creates issues with the maintenance of the network.

The construction of a roading network within the topographical constraints of the area has resulted in the need for a substantial number of



structures across the district. This steep topography also requires an extensive network of drainage assets as we need to control the stormwater runoff. These combined challenges create a cost of maintenance environment which is high and there is no easy solution.

High axle loads from Electric busses is also leading to accelerated pavement deterioration on bus routes.

We also have an aging asset base which becomes more expensive to maintain while delivering the service levels our customers expect.

In this LTP we are planning to fund renewals at approximately 77% of what is forecast in the asset management plans for transport. In doing so, we will seek value for money options through good procurement practices and review programme options for more cost-effective options. Deferring 25% of renewals does carry some risk that levels of service received by the community is lower than planned. This risk is mitigated by having very high confidence in the condition of the roading network, with recent and ongoing assessments of data taking place for the entire portfolio. We will prioritise renewals where the greatest need is, such as, safety, resilience, connectivity, and mode shift.

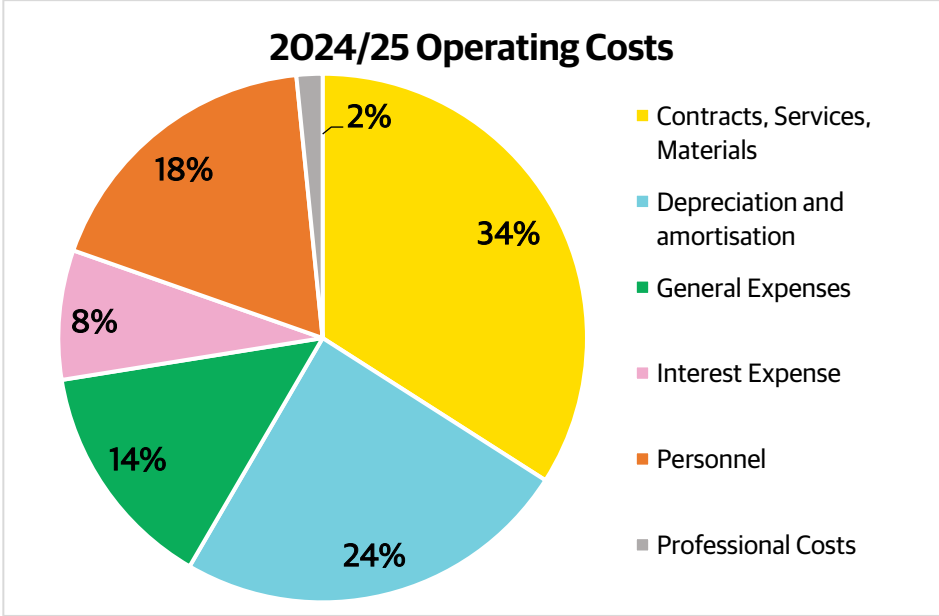
Three waters

The Council's preferred option is to transfer its three water assets to a regional Water Services Entity as at 1 July 2026.

In preparing the 2024-34 LTP the Council prioritised investment in water supply to address the number of water leaks and the risk of a water shortage, but there are a few wastewater and stormwater projects that are not proposed to proceed in the next ten years. For example, the Moa Point and Western Wastewater Treatment Plants require significant renewals as many of these assets are at the end of their useful life.

While investment was planned to occur, it was not at the level recommended in advice from Wellington Water, who manage the asset. Funding was included in the budget to progress concept design of core activity to allow further prioritisation and could be quickly implemented if failure occurs. Taking this approach increased the risk that there may be periods of non-compliance with consents, odour issues and impacts to water quality.

With the Council's proposal to transfer its three water assets, the investment profile will be up to the regional water services entity. Our analysis shows that the regional model is the most efficient way of



achieving the appropriate investment in three waters assets.

Unplanned Events

Unplanned events require earlier than planned investment (e.g., Civil Defence emergencies, natural events, river slips, fire, theft, and safety concerns). These events, if they occur, could result in significant unplanned operating and capital costs. The Council has mitigations that can be executed in the case of such an event. The Council's debt to revenue limit is lower than covenants that would be set through lenders. Further, the Council has reduced its capital programme over the ten years of the LTP to increase its borrowing

capacity, if required to respond to emergencies such as those caused by natural hazards and extreme weather events.

As part of this LTP the Council is looking to establish a disaster resilience fund. This fund could provide accessible funding in the event of a natural disaster or unplanned event, if required. Refer to improving balance sheet resilience section below.

Addressing the immediate affordability challenge

Paying for the city's everyday cost

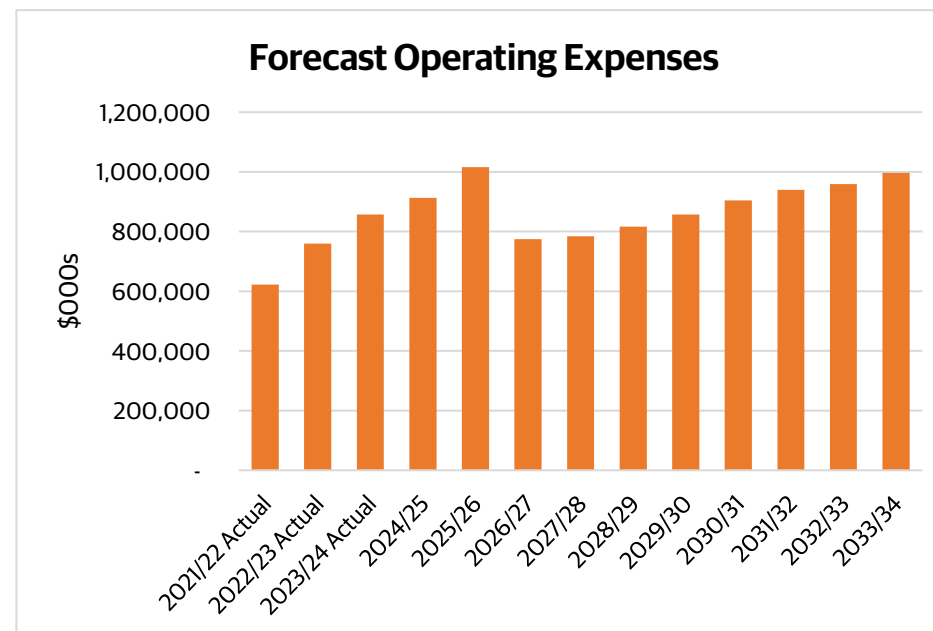
Everyday costs should be paid for from everyday revenues. If we fail to achieve this, the everyday costs are funded by increasing debt. This means existing ratepayers are not paying for some of the services and amenities being provided to them. Using debt to fund everyday costs also means future ratepayers will pay for this cost, including interest. This is neither prudent nor sustainable.

The costs to undertake Council services are higher than previously anticipated. Next year alone, we're forecasting cost increases for depreciation (the cost of looking after our existing assets); \$26m, interest \$11m and inflationary pressures). Operating costs are forecast to be \$996m by 2033/34, an increase of 22% from the 2023/24 Annual Plan. Note that operating costs have been updated to exclude water related costs from 1 July 2026.

To mitigate the increase in everyday costs the individual budgets included

in the draft LTP have been scrutinised and refined. This has been a rigorous process over the last year. The focus has been on ensuring we're delivering core services. For example, we have cut back spending on removal of graffiti and events, including the annual fireworks display.

Note the Forecast Operating Expenses graph does not include the Loss on derecognition of assets in 2026/27 due to the transfer of three water assets to the new water services entity.



Depreciation

In the 2022/23 Annual Plan, due to a significant revaluation increase of the Council's water infrastructure assets, it was decided that the depreciation on the Council's water assets would be funded by rates based on the quantum of the three waters renewals capital programme for 2022/23 and 2023/24, and the Council was planning to return to fully rates funding the depreciation by 2028/29. However, this decision will be considered in the future by a new water services entity. Based on this, it was resolved that the Council considered that it was financially prudent based on Section 100 of the Local Government Act 2002.

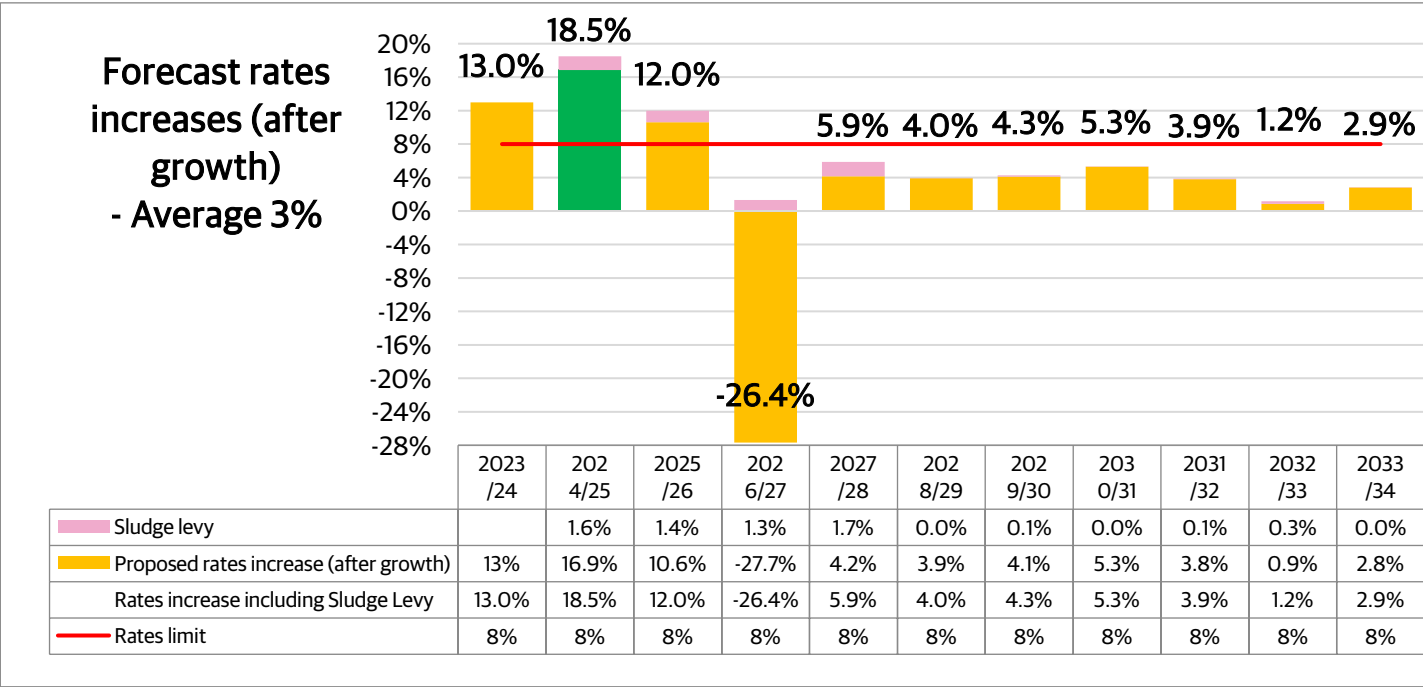
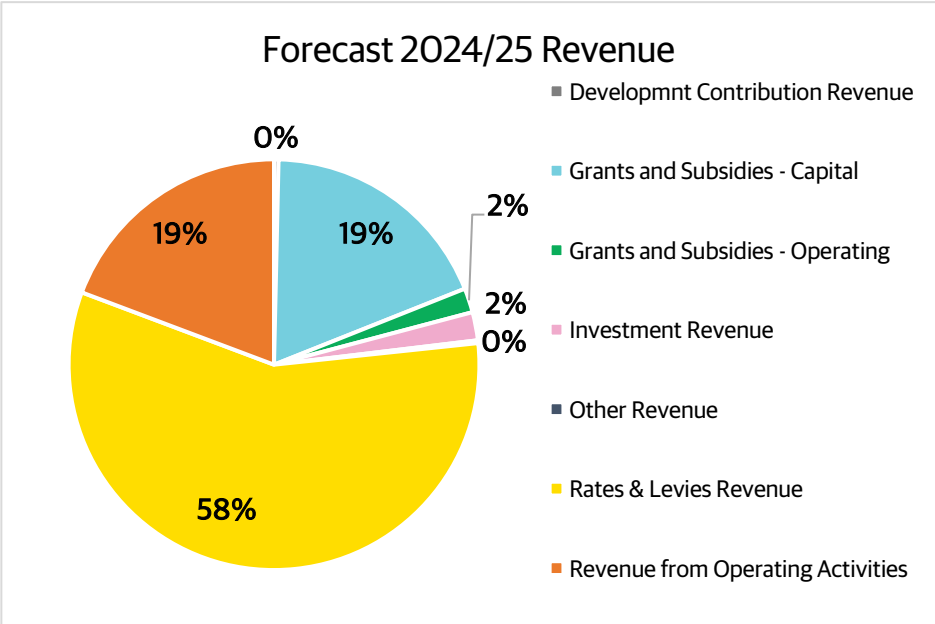
The Council has made further decisions to not rates fund the depreciation on some assets that are unlikely to be renewed at the end of their useful life. This means that the Council is not collecting sufficient revenue to cover its operating costs resulting in an unbalanced budget, which the Council has agreed is financially prudent.

While we are not fully rates funding depreciation, we are still collecting sufficient revenue from rates to fund renewals planned during the ten years of this plan.

Rates

Rates are the principal source of funding for the Council's activities. However, where the user of a service can be readily identified and charged, we generally set fees and charges that cover the costs of providing that service. The Council places a high reliance on revenue from rates. In 2024/25, the forecasted revenue from rates is expected to be 58% of total revenue. Exploring new revenue streams and central government funding will continue to be a priority throughout the period of the 2024-34 Long-term Plan.

Note: the below table shows the proposed rates increase under the LTP-A. Excluding the transfer of three-waters assets, our rates increase in 2026/27 would be 11.40%. The other rates increase remain the same.



The Council's rating system has been considered with the intention that it represents the most appropriate rates options to address the present and future needs of the city. The Council has set a rates increase limit of between 5-8% (excluding the sludge levy) on average over the ten years of the Long-term Plan, however higher rates increases in the early years of the Long-term Plan are necessary to continue to fund the current levels of service. The Council will need to make prudent financial decisions to ensure it remains within this limit. The average rates increase for the 2024-34 Long-term Plan is 3%. This is lower than the rates increase limit, partly due to the transfer of our three waters assets.

All figures have been updated to exclude water-related expenditure and revenue from 1 July 2026, due to the change required for the Government's water reform.

The basis for the rates increase limit is to balance affordability with increased investment required in our infrastructure. On average Wellington residents pay a lower share of their household income on rates compared to surrounding areas.

Many residents benefit from relatively high incomes comparative to the New Zealand average. We also have a significant commercial sector that allows residents to afford higher levels of services than other smaller

centres. The 2007 Shand report reviewing Local Government rating suggested a benchmark of rates around 5% of household income being affordable. There are however suburbs that are nearly paying 5% of their household income.

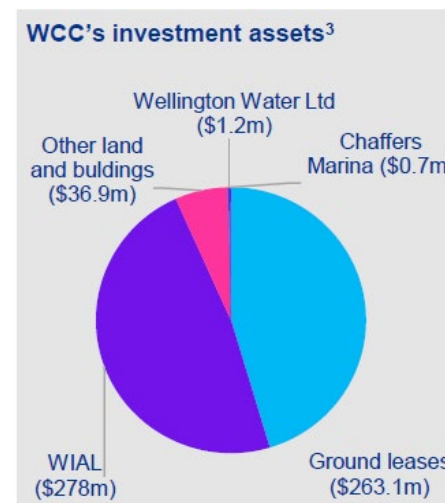
In July 2024, the Council will be introducing a new sludge levy to fund the cost of the new Moa Point sludge minimisation facility. This was approved under the Infrastructure Funding and Finance Act 2020 (IFFA), we consulted on this option through 2021/2022 and received support from the New Zealand Government (Cabinet and the Minister of Housing) in August 2023. We are collecting the levy on behalf of the special purpose vehicle owned by Crown Infrastructure Partners. The cost of the sludge levy for ratepayers needs to be considered when assessing affordability for our ratepayers.

Improving Balance Sheet resilience

There are two main challenges to the long-term resilience of the Council's balance sheet – firstly, the Council's investment assets are not appropriately diversified, and secondly, the capacity available to insure Council's assets is becoming increasingly constrained.

Lack of diversification in the investment portfolio

The Council's investment assets are highly concentrated in terms of geography, asset type and liquidity. The investment portfolio has two main asset classes – WIAL shares and property ground leases – which make up 93% of the Council's investment assets. Both these classes of assets are highly exposed to the same risks and disruptive events, including natural disasters and market events, due to the fact that they are all property assets based in Wellington. Because they are exposed to the same risks, the Council may have limited ability to liquidate these assets if it needs funds to contribute to a recovery effort following a natural disaster or significant market disruption. With changes to national



hazard modelling (discussed below), the likelihood that the Council would need to release capital following a natural disaster has increased significantly.

Cost and availability of insurance

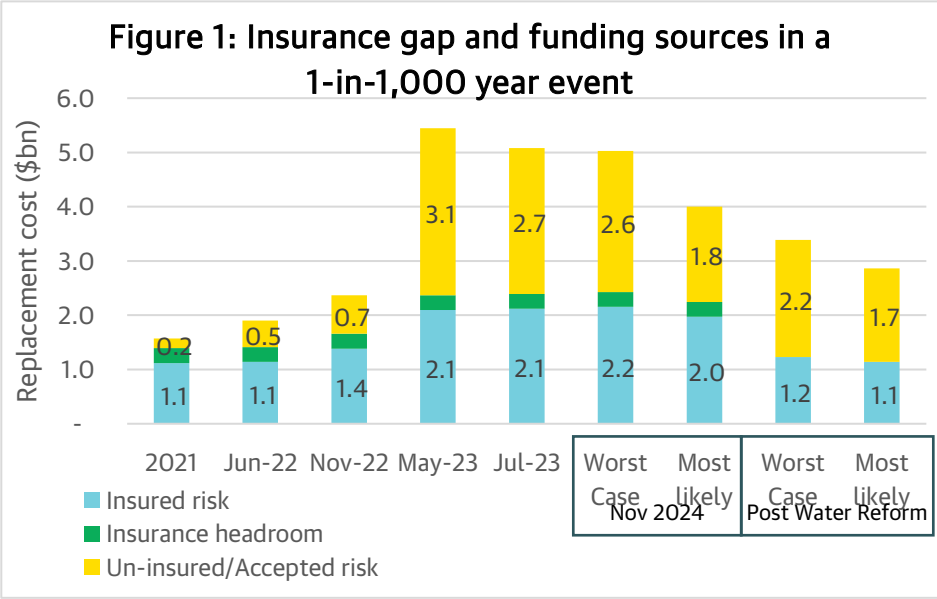
Insurance premiums are increasing, and, in some cases, insurers are reducing the levels of cover available to manage their overall exposure to Wellington. The effects are being felt by both private and public property and asset owners. Compounding this, is the continued increases in building and infrastructure valuations which drive increases in the cost to replace assets leading to increased insurance premiums. These trends are forecast to continue in the future.

The release of the 2022 National Seismic Hazard Model has further increased the Probable Maximum Loss from a major event for many of the Council's assets. This means the financial impact of a seismic event is greater than previously thought. Additionally, recent weather events across New Zealand have highlighted the reality of climate issues and their impact, alongside more well understood seismic risks.

The combined effect of changes in loss modelling, and the impact of cost and availability of insurance is that the Council now has a significantly higher proportion of uninsured risk (between \$1.8m to \$2.6m, or post water reform between \$1.7m to \$2.2m) than it did when it

set the 2021-31 LTP. The \$272m debt headroom the Council previously held to cover uninsured risk is now far from sufficient to cover expected losses after a major event.

The three waters assets make up the majority of the total replacement cost of the Council's portfolio, however, the expected loss on these assets after an event is expected to be much less than other types of assets (such as buildings). This means that the reduction in the insurance gap is small after the transfer of ownership to the new water entity, even though the reduction in insured value is large.



Reshaping the Long-term Plan to achieve greater financial resilience

As a result of work undertaken over the last couple of years as part of the LTP Amendment, including the work the Council has been doing on an insurance road map, the Council has significantly reduced its capital programme to create additional borrowing capacity to be able to respond to a major event. This includes removing \$385m from the capital programme and reducing our self-imposed debt-to-revenue ratio from 225% to 200%.

Along with the reduced capital programme, the Council intends to use the proceeds from periodic sales of selected ground leases to capitalise a disaster resilience fund. The proceeds in the fund would be used for the long-term benefit of the city by providing critical, accessible funding in the event of a natural disaster while continuing to supplement rates revenue through a conservative annual dividend stream. This approach reduces the Council's sole reliance on traditional insurance markets and complements insurance coverage by ensuring the Council has flexible, internally controlled capital available to respond to unforeseen events.

Other councils have taken similar action to manage their portfolios and enable long-term investment in their communities. Particular examples are the New Plymouth District Council Perpetual Investment Fund, the Dunedin City Council Waipori Fund and the Hawke's Bay Regional Council Future Investment Fund.

The benefits of recycling the Council's investment assets in this way are:

- Reduced geographic concentration meaning not all assets are subject to the same disaster risks and returns are decoupled from the performance of Wellington CBD.
- Increased diversification of the portfolio via the introduction of a new financial asset class and a reduction in exposure to the property sector.
- Increased liquidity of the portfolio to ensure funding is available for the Council in the event of a significant natural disaster and that the capital can be available at relatively short notice and with low exit costs (albeit only as a last resort).
- The investment portfolio can be matched to the unique risk tolerance of the Council
- Enable the Council to pursue other objectives. For example, Environmental, Social and Governance (ESG) factors can be

taken into account when making investment decisions.

- Maintaining financial returns for the Council, albeit through new revenue sources including dividend and interest income.
- Improve intergenerational wellbeing through the building up of investment wealth and reduced reliance on future rates increases

The Council will also continue work on the insurance road map and through this work, consider strategic ways to deploy capital to get the best out of available options. These could include exploring new alternative insurance solutions (e.g., parametric insurance, captive insurance), or further changes to the shape of the Council's asset base. Advocating for change in funding and financing for local government

Advocating for change in funding and financing for local government

The current economic environment has created significant challenges in setting the LTP budgets and balancing the need to invest in the City's infrastructure while still delivering the services Wellingtonians have come to expect. The infrastructure demands and needs will continue to grow. While, in the future, the economic conditions may improve the funding and financing system for local authorities is not sustainable.

The Council has taken up new financing mechanisms as they have become available, such as setting a levy in accordance with the Infrastructure Funding and Financing Act 2020 to fund the Moa Point sludge minimisation facility. The Council also supports future change, including the establishment of a new style of regional council-controlled organisation that has the mandate and financial sustainability to ensure the provision of a safe, reliable, quality water service for our communities.

We will continue to work collaboratively with other councils and central government to seek changes to provide a sustainable funding model for local government and support new ways to deliver core services in the medium to long-term.

Āpitihianga - ētehi atu puakanga rautaki ahumoni whakature Appendices – Other mandatory financial strategy disclosures

Financial Investments and Equity Securities

We hold investments in companies and trusts, property, and cash. The full policy on the Council's investment management can be found in the Investment policy: [Investment and Liabilities Management Policies - Plans, policies and bylaws - Wellington City Council](#).

Investments in companies and trusts

The Council has investments in five companies and interests in three Trusts. The primary reason for holding equity in these entities are principally to achieve efficiency and community outcomes and not for financial return on investment.

Company	Share-holding	Principal Reason for Holding	Targeted return
Wellington Cable Car Company Ltd	100%	Maintains and operates Wellington's iconic Cable Car	Nil
Wellington Regional Economic Development Agency Ltd (WellingtonNZ)	80%	The city and region's economic development organisation	Nil
Wellington Waterfront Ltd	100%	Acts as bare trustee for the Waterfront project	Nil
Wellington International Airport Ltd	34%	Optimise the return on the overall investment portfolio and to diversify the Council's income sources	Between \$10m and \$30m per annum
Chaffers Marina Holdings Ltd	9.93%		Nil
Civic Financial Services Ltd	4.78%	Insurance and risk management	Nil
New Zealand Local Government Funding Agency Ltd	8%	Borrowing	\$100k per annum
Trust	Share-holding	Principal Reason for Holding	Targeted return
Karori Sanctuary Trust (Zealandia)	100%	Manages ongoing conservation and restoration work at its sanctuary in Karori	Nil
Wellington Museums Trust (Experience Wellington)	100%	Manages educational and cultural facilities and experiences	Nil
Wellington Zoo Trust	100%	Manages the Wellington Zoo, provides experiences and education and supports conservation initiatives	Nil
Not yet established	Share-holding	Principal Reason for Holding	Targeted return
Disaster resilience fund	100%	Provides funding for major disasters	TBC
Water delivery CCO	TBC	Joint water delivery. Note: The foundational governance documents for the new entity are ratified in December. Full details of this organisation will be unknown until then.	TBC

Investments in property

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

Cash

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

Cash is held for liquidity purposes like the prefunding of debt maturing within 18 months, or short-term cash surplus investments. The Council has an external lending covenant relating to liquidity whereby we must hold 115% of liquid assets over debt, this is supported by cash held in current accounts and term deposits.

Policy on Giving Security for Borrowing

To borrow cash, we must offer our lenders security, just like residents do with their mortgage.

Like most councils, debt is secured against rates income. Lenders like this as security and it helps keep our interest rates low. Giving rates as security means that our lenders can make us charge ratepayers more to repay debt. That is why it is important to keep our debt at a sustainable level.

We may also offer other security, including physical assets, in certain circumstances. The full policy on giving securities can be found in the Liability Management Policy: [Investment and Liabilities Management Policies - Plans, policies and bylaws - Wellington City Council](#).

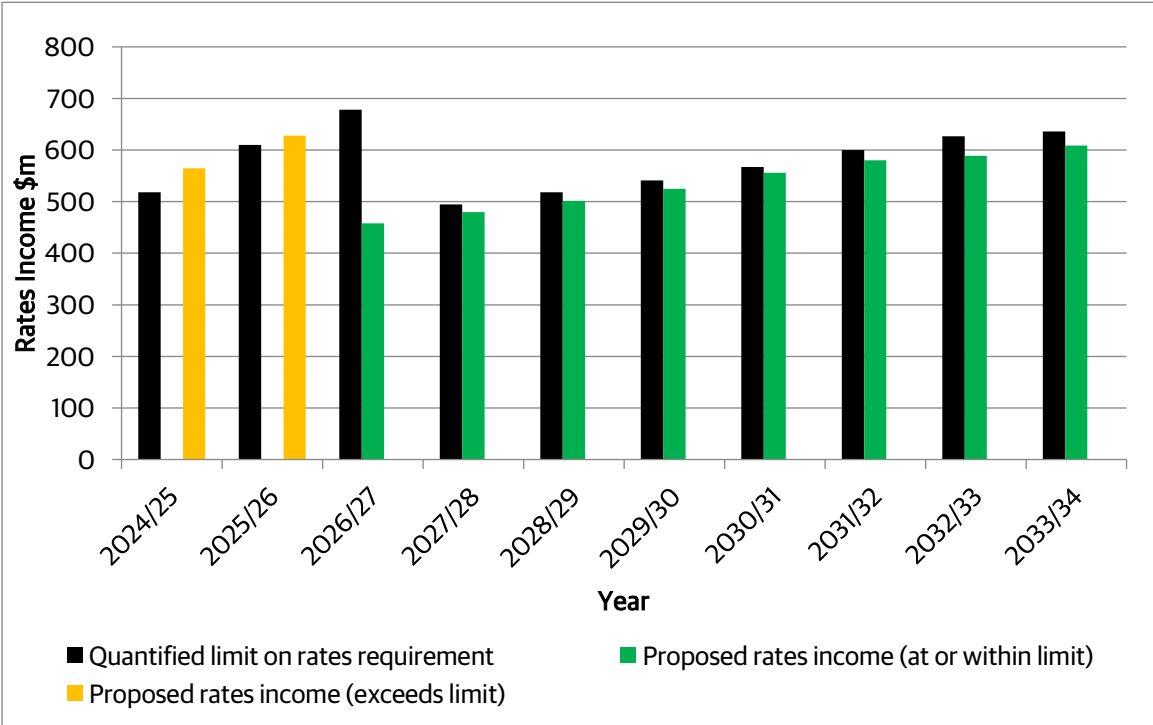
Local Government (Financial Reporting and Prudence) Regulations 2014 Disclosures

We have included the Disclosure Statement in this Long-Term Plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014. The purpose of this statement is to disclose our planned financial performance in relation to various nationally consistent benchmarks. These benchmarks enable the assessment of whether we are prudently managing our revenues, expenses, assets, liabilities, and general financial dealings.

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 Council's results with other councils due to their size, location and provision of services.

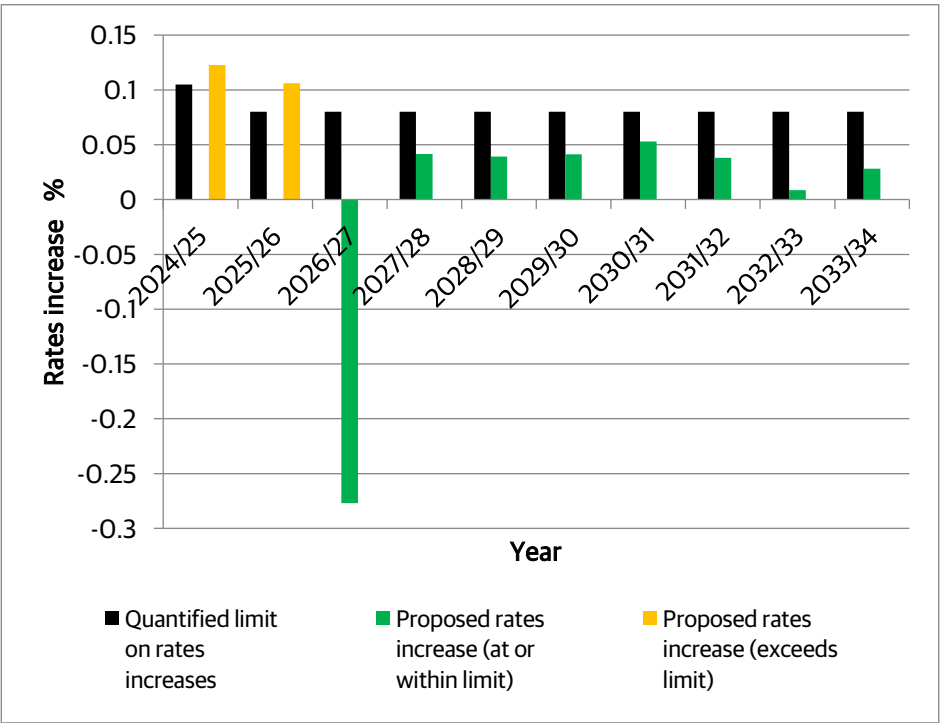
Rates affordability benchmark

The following graph compares the council's planned rates increases with a quantified limit on rates included in the financial strategy. The quantified limit is an average rates increase of between 5-8% over the ten years of the LTP.



Rates (increases) affordability

The following graph compares the council's planned rates increases with a quantified limit on rates increases contained in the financial strategy included in this long-term plan. The quantified limit is an average rates increase of between 5-8% over the ten years of the LTP.

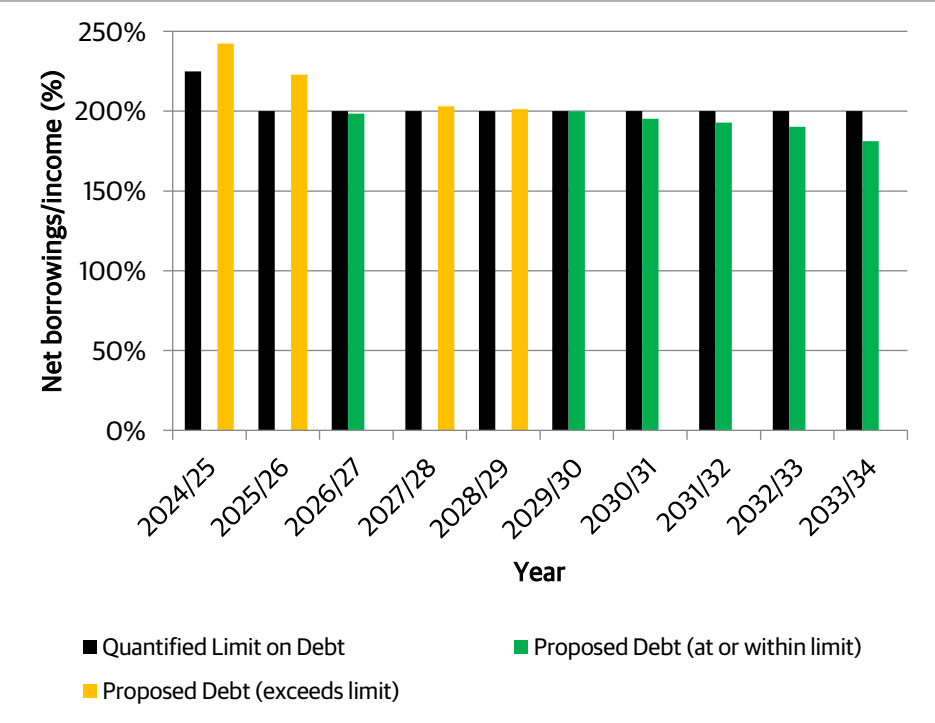


Debt affordability benchmark

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 225% of income.

For this measure income is defined as total revenue less vested assets and development contribution income.

The council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowings.



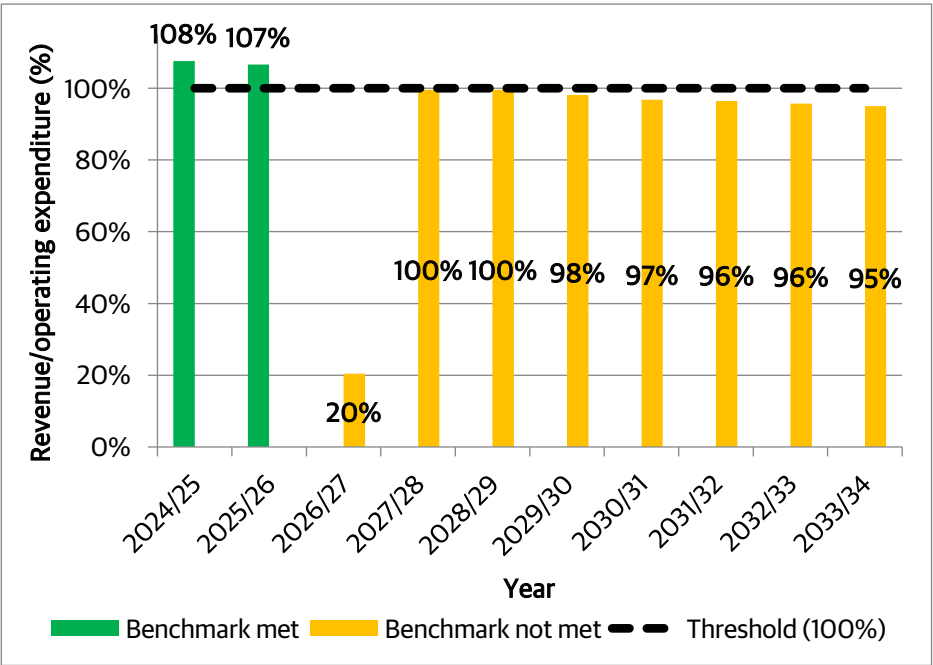
Balanced budget benchmark

The following graph displays the council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, revaluations of property, plant, or equipment, and gains on sale of investment in associates) 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 planned revenue equals or is greater than its planned operating expenses.

Where council does not meet this benchmark, this is due to some of the planned operating expenditure being initially debt funded and in some cases is then rates funded to repay the debt for the purposes of inter-generational equity.

The first three years includes capital revenue for the sludge minimisation facility. Year 3 (2026/27) includes the loss on derecognition of assets of \$3b related to the transfer of our three water assets to a new water services entity.

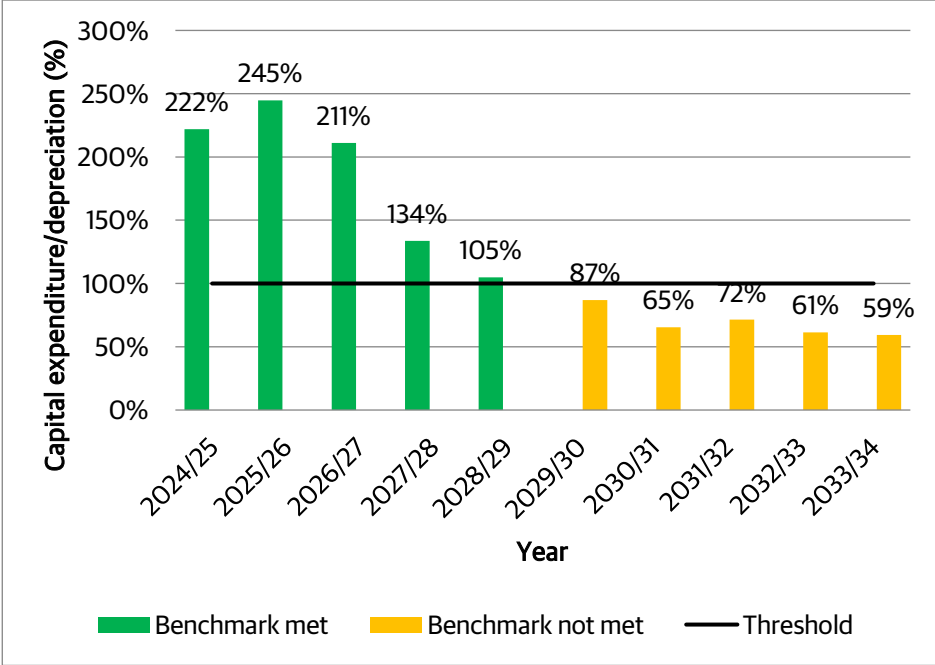


Essential services benchmark

The following graph displays the council's planned capital expenditure on network services as a proportion of expected depreciation on network services. Essential services comprise expenditure on the three waters and transport.

The council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.

In years 5 to 10 of the plan, the level of capital expenditure on network services falls below depreciation. This is driven by capital expenditure to improve levels of service occurring in the later years; the depreciation impact from this capital expenditure lags behind the investment. The depreciation is only for the existing assets in commission and is not related to the capital expenditure of assets yet to be commissioned.



Debt servicing benchmark

The following graph displays the council's planned borrowing costs as a proportion of planned 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 more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.

