Absolutely Positively **Wellington** City Council
Me Heke Ki Pōneke

ORDINARY MEETING

OF

AUDIT AND RISK SUBCOMMITTEE

AGENDA

Time:	**2.00 pm**
Date:	**Wednesday, 1 April 2015**
Venue:	**Committee Room 1** **Ground Floor, Council Offices** **101 Wakefield Street** **Wellington**

MEMBERSHIP

Mayor Wade-Brown

Peter Harris (External)
Councillor Marsh
Councillor Peck (Chair)
Kevin Simpkins (External)
Councillor Woolf

Have your say!
You can make a short presentation to the Councillors at this meeting. Please let us know by noon the working day before the meeting. You can do this either by phoning 803-8334, emailing public.participation@wcc.govt.nz or writing to Democratic Services, Wellington City Council, PO Box 2199, Wellington, giving your name, phone number and the issue you would like to talk about.

AREA OF FOCUS

Providing objective advice and recommendations regarding the sufficiency, quality and results of assurance on the adequacy and functioning of the council's risk management, control and governance frameworks and processes. It is also responsible for exercising active oversight of all areas of the Council's control and accountability in an integrated and systematic way.

Quorum: 3 members (at least one external member must be present for a quorum to exist).

TABLE OF CONTENTS
1 APRIL 2015

Business **Page No.**

1 Meeting Conduct

1. 1 Apologies
The Chairperson invites notice from members of apologies, including apologies for lateness and early departure from the meeting, where leave of absence has not previously been granted.

1. 2 Conflict of Interest Declarations
Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as a member and any private or other external interest they might have.

1. 3 Confirmation of Minutes
The minutes of the meeting held on 9 December 2014 will be put to the Audit and Risk Subcommittee for confirmation.

1. 4 Public Participation
A maximum of 60 minutes is set aside for public participation at the commencement of any meeting of the Council or committee that is open to the public. Under Standing Order 3.23.3 a written, oral or electronic application to address the meeting setting forth the subject, is required to be lodged with the Chief Executive by 12.00 noon of the working day prior to the meeting concerned, and subsequently approved by the Chairperson.

1. 5 Items not on the Agenda
The Chairperson will give notice of items not on the agenda as follows:

Matters Requiring Urgent Attention as Determined by Resolution of the Audit and Risk Subcommittee.
1. The reason why the item is not on the agenda; and
2. The reason why discussion of the item cannot be delayed until a subsequent meeting.

Minor Matters relating to the General Business of the Audit and Risk Subcommittee.
No resolution, decision, or recommendation may be made in respect of the item except to refer it to a subsequent meeting of the Audit and Risk Subcommittee for further discussion.

2. General Business

AUDIT NEW ZEALAND JUNE 2015 AUDIT PLAN (INCLUDING ENGAGEMENT LETTER)

Purpose

1. The purpose of this report is to update the Subcommittee on the Audit New Zealand arrangements for the audit of the financial statements, including statements of service performance for the year 30 June 2015

Recommendations

That the Audit and Risk Subcommittee:

1. Receive the information.
2. Note the draft Audit Proposal Letter prepared by Audit New Zealand (attached as Attachment 1 to the officer's report) and their approach to auditing the Council and Group.
3. Note the draft Audit Engagement Letter prepared by Audit New Zealand.
4. Authorise the Mayor to finalise and sign the Audit Engagement Letter.

Background

2. With the approach of the June 2015 year end, it is appropriate to review the draft approach Audit New Zealand is proposing to take with the audit of the financial statements and provides the Subcommittee the opportunity to highlight any other matters or areas that they would like Audit New Zealand to focus on during the audit.

Discussion

3. Audit New Zealand's approach to the audit is set out on page 3 (of Attachment 1) of their letter to Council where it identifies the business issues and how they will appropach the audit of the identified business issue. Management has no other business issues to bring to the Subcommittee's or Audit New Zealand's attention.
4. This financial year will be the first year of the application of the public benefit entity accounting standards and Audit New Zealand have outlined their areas of focus on page 6 of Attachment 1. Management has done significant preparation to ensure that Council will have what it believes to be PBE compliant financial statements ready for Audit New Zealand as per the agreed timetable.
5. Audit New Zealand have outlined the key dates of the audit on page 6 of Attachment 1, with the proposed date for the audit opinion being the 26th August 2015. Management has in place a programme of work to ensure the financial statements will be completed within this timeframe.
6. Audit New Zealand have set out their professional fees for the audit on page 7 of Attachment 1; these are as per the Audit Proposal Letter of 23 April 2014.

Next Actions

7. The Mayor is required to sign the letter as per page 2 of Attachment1 that gives agreement to the audit to proceed as outlined in the attachment.

Attachments

Author	Richard Marshall, Manager Financial Accounting
Authoriser	Andy Matthews, Chief Financial Officer

SUPPORTING INFORMATION

Consultation and Engagement
There is no consultation required on this matter.

Treaty of Waitangi considerations
There are no specific Treaty of Waitangi considerations.

Financial implications
The financial impact of the Audit fees for the 2015 financial year has been included in the budget.

Policy and legislative implications
There is no policy or legislative implications arising from this paper.

Risks / legal
There are no legal issues arising from this paper.

Climate Change impact and considerations
There are no impacts on Climate change.

Communications Plan
There is no communication plan required.

DRAFT 18 March 2015

Celia Wade-Brown
Mayor
Wellington City Council
101 Wakefield Street
PO BOX 2199
Wellington 6140

Dear Celia

Audit for the year ending 30 June 2015

I am writing to outline our arrangements for the audit of Wellington City Council (the City Council) for the year ending 30 June 2015. This letter has two main sections – an agreement to be signed, and details of the audit.

Agreement to be signed

On the next page is an agreement that you need to sign. Your signature confirms that the details of the audit match your understanding of the arrangements for this year's audit.

Please sign and return one copy of the agreement, along with a copy of the details of the audit.

Details of the audit

Here we set out the proposed arrangements for this year's audit. This includes:

- business risks/issues and our audit response;
- the Council's first financial statements prepared using the new PBE accounting standards; and
- logistics (such as our audit team, timing, and fees).

Additional information attached

We have attached the following appendix for your information additional information about the audit.

WCC AAL 15J

Please take the time to read this document thoroughly before returning the signed agreement. If there are additional matters that should be included, or any matters requiring clarification, please contact me.

Yours sincerely

Bede Kearney
Director

Agreement to be signed

I acknowledge that the details of the audit set out here are in keeping with my understanding of the arrangements for the audit.

Signed ______________________________ *Date* ____________________
Celia Wade-Brown
Mayor

Details of the audit

1 Your business risks/issues and our audit response

Based on the planning work and discussions that we have completed to date, we have identified what we consider to be the main business risks and issues facing the City Council. Many of these risks and issues are relevant to the audit because they affect our ability to form an opinion on your financial statements.

As part of the wider public sector audit, we are also required to be alert to issues of effectiveness and efficiency, waste and a lack of probity or financial prudence (as set out in the Audit Engagement Letter dated 23 April 2014).

We will also follow up on progress made by the City Council in its response to our previous recommendations.

Please tell us about any additional matters that we should be aware of as your auditor, and any specific significant business risks that we have not covered.

Your business issues	Our audit response
Review of the City Council's control environment	
As part of our audit we will update our knowledge of the City Council's control environment. This will involve reviewing both organisation-wide controls and controls over specific transactions. Where appropriate we will carry forward information we gathered as part of our 2015-25 LTP audit. Our review will focus on the following areas: • Organisational governance and management changes arising from the election and any organisational change. • Conflicts of Interest. • Procurement & Contract Management. • Asset Management. • Project Management. • Financial Sustainability.	We will: • consider whether the management controls in place for our areas of focus have been designed effectively and whether they have been operating as management intended; • communicate any areas of concern to management, including suggestions on how the control environment can be improved; and • consider the impact of any control weaknesses identified on our audit approach.
Ongoing work to improve asset management information	
The Council has undertaken significant work to improve the quality of its data about the nature and condition of assets. This, combined with more advanced analytical tools, is expected to improve the quality of decision making and prioritisation of effort to maintain the City Council's asset	No revaluation of infrastructural assets is planned for 2014/15. We will review the updated information to assess whether there are any implications for the 2014/15 audit. In particular we will consider whether any impairment to assets is required and whether existing depreciation rates remain

Your business issues	Our audit response
performance. This updated information has provided a much better knowledge of asset condition and asset lives.	appropriate.
Changes to the City Council's CCOs	
The City Council has reviewed the structure of its group. Positively Wellington Tourism (PWTT) has been merged into Positively Wellington Venues (PWVL) and the company has been renamed Wellington Regional Economic Development Agency Limited (WREDA). It is intended that WREDA will act as the economic development agency on behalf of the wider Wellington region. As part of this, Grow Wellington, a CCO of Greater Wellington has had its functions merged into WREDA. Other changes to the governance arrangements of some CCOs have also been made. The functions of Wellington Waterfront Limited (WWL) have been brought back in-house within the Council, although the company remains in existence at this stage.	We will liaise with management over changes to the group structure and consider the impact of any approved changes on our 2014/15 audit approach. We will also put in place appropriate audit arrangements with all entities in the group.
Implementation of Programme Odyssey	
The City Council is currently pursuing a programme to consolidate its core information systems applications. Some 70 systems in operation at present are intended to be provided through a single platform. Large information systems projects carry a level of inherent risk around scope and cost that must be managed. In January 2015 a preferred supplier was selected. The City Council is currently working to scope the proposed solution in detail. Significant changes to applications are not expected during the 2014/15 financial year.	We will: • Keep up to date with the City Council's progress with this programme, and its potential impact on key systems and processes relevant to our audit. • Liaise with management to obtain an understanding of the procurement and project management processes in place and any issues arising. • Assess the accounting for costs incurred for this project up to June 2015, including any necessary impairment of existing systems. • Liaise with management on changes to core systems and processes that may directly impact on our audit.
Revaluation of operational land and buildings	
The City Council revalues its assets on a rolling three year cycle. In 2015 the significant asset classes of operational land and building assets will be revalued.	We will review the valuation and confirm it is appropriately reflected in the financial statements.

Your business issues	Our audit response
City Council's increasing focus on economic growth initiatives	
The City Council's Invest to Grow agenda in the 2015-25 LTP provides a plan to improve the economic development of the city. There are a number of proposed initiatives within the eleven areas identified in the draft LTP.	We will assess any significant impacts which arise from any of these proposals which affect the 2014/15 annual report.
Civic Precinct proposal - accounting for the Town Hall	
Wellington Town Hall is considered to be earthquake prone, currently assessed to be less than 34% of the new building standard. The City Council is presently consulting on its intention to revitalise the Civic Square Precinct, including strengthening some buildings, most notably the Town Hall.	We will continue to liaise with management about the accounting implications of decisions made in relation to the Town Hall and the Civic Square Precinct.
Provision for Weathertight Homes	
The City Council has a provision for its estimated liability relating to the settlement of claims arising from the Weathertight Homes Resolution Services (WHRS) Act 2006 and related civil proceedings. As at 30 June 2014 the provision totalled $50.4 million. The City Council calculates this liability based on expected future costs of reported claims. Actual costs can vary considerably and there is a high element of judgement and estimation in estimating claims yet to be settled.	We will review the underlying assumptions for the weathertightness provision and ensure they are reasonable and supported by appropriate expert advice. We will ensure that any movements in this provision during the year are appropriately reflected in the 2015 financial statements.
Transition to PBE IPSAS	
The City Council is required to prepare its financial statements for the period ended 30 June 2015 in accordance with the new public benefit entity accounting standards.	We have outlined our expectations regarding the transition to PBE IPSAS in section 3 of this letter. We will continue to liaise with management throughout the audit about the transition's progress. We plan to audit the updated accounting policies, opening statement of financial position, and restated comparatives during the pre-final audit visit.
Amalgamation of Greater Wellington Councils	
The proposal for the amalgamation of Local Authorities in the Wellington region is currently being consulted on.	We will keep up to date on developments, including those post balance date, and consider their potential impact on the 2014/15 annual report.

2 First financial statements prepared using the new public benefit entity accounting standards

The City Council is required to prepare the 30 June 2015 statements using the new public benefit entity accounting standards.

We plan to audit the updated accounting policies, opening statement of financial position, and restated comparatives during the pre-final audit visit. It is important that the Council has completed its assessment of the impact of the new accounting standards in advance of our review.

The most significant areas where we expect specific consideration will be necessary are:

- Accounting for service concession arrangements such as Moa Point in accordance with PBE IPSAS 32 *Service Concession Arrangements – Grantor*.
- Application of the control test for subsidiaries, associates and joint ventures included in the City Council's group financial statements.
- Recognition and disclosure of revenue classified as exchange or non-exchange under PBE IPSAS 9 *Revenue from Exchange transactions*.
- Disclosures of related party transactions under PBE IPSAS 20 *Related Party Disclosures*.

We expect the City Council to have adequately prepared for the adoption of the new standards. If the audit takes more time than planned because your entity has not been prepared to apply the new standards, we will look to recover additional fees.

3 Logistics

3.1 Our audit team

The Audit New Zealand staff involved in the audit are:

Bede Kearney	Director
Robert Cox	Engagement Quality Control Director
David Kidman	Audit Manager
Matthew Geddes	Audit Supervisor
Robyn Dearlove	Information Systems Auditor

3.2 Important dates in the audit process

Our proposed timetable is:

	Date
Interim audit	12 January 2015
Pre-final visit begins	18 May 2015
Draft interim management report to the Chief Executive	12 June 2015
Draft annual report (including service performance information) available for audit	27 July 2015

Final audit begins	27 July 2015
Final financial statements available[1] for audit	18 August 2015
Provisional clearance to A & R subcommittee	18 August 2015
Audit opinion issued	26 August 2015
Draft Chief Executive report issued (if required)	26 August 2015
Draft Governing Body report issued	26 August 2015
Summary Annual Report received	Within one month of our audit opinion
Summary Annual Report opinion issued	Within one week of receiving the report

3.3 Our interim audit visit

We will carry out the interim audit during January and May. During these visits, we will focus on updating our understanding of the City Council's internal control. This includes reviewing the control environment, risk assessment processes and relevant aspects of information systems controls.

We will use the results of this assessment to determine how much we can rely on the information produced from the City Council's systems during our final audit.

3.4 Our final audit visit

Our final audit is scheduled to start on 27 July 2015 and is expected to last four weeks. During this visit we will be auditing the balances, disclosures, and other information included in the City Council's financial statements. To complete this work in the above timeframe, it is essential that a quality complete draft annual report is available to us. This should have been through a robust internal quality assurance review.

3.5 Professional fees

Our audit fee estimate for the year ending 30 June 2015 is $277,000 plus disbursements (GST exclusive). This is as agreed in the Audit Proposal Letter dated 23 April 2014.

The fee includes work required to meet our reporting obligations under the City Council's debenture trust deed.

The fee is an estimate and assumes that the expectations discussed in Appendix 1 will be met. If this does not occur, or the scope of the audit changes, we will discuss this further with you.

We propose to bill as follows:	Amount
March	70,000
June	70,000
August	100,000
September	37,000
	277,000

[1] Financial statements incorporating all the amendments agreed to between Council and Audit New Zealand.

To ensure we can complete the audit within the proposed time frame (see section 4.2) and agreed fee, it is critical that you make appropriate supporting documentation available to us on a timely basis. If this is not the case, it is likely to result in cost overruns, which we will seek to recover from Council.

4 Our approach to the audit of the City Council's information systems

The design and operation of an effective IS control environment is critical to ensuring the accuracy, integrity and availability of the City Council's information. Effective risk management procedures can prevent or mitigate risks in respect of this information.

The City Council is heavily dependent on its IT systems. The reliability of the IT systems, technology platforms, and associated controls is critical to maintaining the integrity of the City Council's data and ensuring continuity of services to its customers.

The integrity of the IT systems is fundamental to the timely reporting of a quality Annual Report.

We understand that a major restructure of the IS department is underway and this will be completed in 2014.

We will be completing a review of City Council's IT General Controls (ITGC), which will include:

- IT governance and Strategic planning;
- assessment and management of IT risks;
- monitoring and evaluating internal controls;
- IT processes, organisation and relationships;
- systems acquisition and project management;
- security (network and applications);
- Business Continuity and IT Disaster recovery;
- change management; and
- Operations, Problems and Incident management.

We will maintain an awareness of any planned or implemented change to systems and the impact these may have on City Council's processes and control environment. We will assess any impact such initiatives will have on our audit approach and requirements.

Appendix 1: Additional information about the audit

Our reporting protocols

Management reports

We will provide a draft of all management reports to management for discussion/clearance purposes. In the interests of timely reporting, we ask management to provide their comments on the draft within 10 working days. Once management comments are received the report will be finalised and provided to Council.

Reporting of misstatements

We will include details of all uncorrected misstatements in our management report. Misstatements are differences in, or omissions of, amounts and disclosures that may affect a reader's overall understanding of the City Council's financial statements.

During the audit, we will provide details of any such misstatements we identify to an appropriate level of management. We will ask for each misstatement to be corrected in the City Council's financial statements. Where management does not wish to correct a misstatement we will seek written representations from Council that specify the reasons why the corrections will not be made.

Our expectations of you to enable an efficient audit

To enable us to carry out our audit efficiently within the proposed audit fee, we expect that:

- the City Council will provide us with access to all relevant records and provide information in a timely manner;
- staff will provide an appropriate level of assistance;
- the financial statements will be available at the start of the final audit, include all relevant disclosures, and be fully supported by a detailed workpaper file; and
- the annual report and financial statements (including the statement of service performance) will be subjected to appropriate levels of quality review before submission for audit.

Our audit fee is based on the assumption that we will review no more than two sets of the draft annual report, one printer's proof copy of the annual report, and one copy of the electronic version of the annual report for publication on the City Council's website.

Using your internal auditors

Our approach will be to continue to liaise with your internal auditors to ensure appropriate co-ordination of effort. In keeping with the applicable auditing standard, ISA (NZ) 610, *Using the Work of Internal Auditors*, we will make a preliminary assessment of the internal audit function in terms of organisational status, scope, technical competence, and professional care.

If we determine from our preliminary assessment that the internal audit function could be relied on for external audit purposes then we will consider the internal audit work proposed or completed. We will then determine the extent to which we can use the internal audit work to supplement our audit work.

How we consider your compliance with statutory authority

As part of the Auditor-General's mandate, we carry out an audit of compliance with statutory authority. Our audit is limited to obtaining assurance that you have complied with certain laws and regulations that may directly affect the City Council's financial statements or general accountability. Our audit does not cover all of the Council's requirements to comply with statutory authority.

Our approach to this aspect of the audit will mainly involve assessing the systems and procedures that are in place to ensure compliance with certain laws and regulations that we consider to be significant. We will also complete our own checklists covering the key requirements of significant legislation. In addition, we will remain alert for any instances of non-compliance that come to our attention. We will evaluate the relevance of any such non-compliance to our audit.

LONG-TERM PLAN RISKS & ASSUMPTIONS

Purpose

1. The purpose of this report is for the Audit and Risk Subcommittee to review the assumptions for the Long-term Plan that are contained in the Infrastructure and Financial Strategies, the significant forecasting assumptions, and the funding and financial statements and policies attached to this report.
2. It is noted that the Office of the Auditor General (OAG) and Audit New Zealand auditors have reviewed the Long-term Plan documents and assumptions and have reported that the 'information and assumptions underlying the information in the consultation document are reasonable'.

Summary

3. The Long-term plan has been developed with a number of assumptions that directly impact the plan.
4. These assumptions have been developed from a number of sources including relevant external professional organisations and officers, and tend to be relatively conservative in their nature.

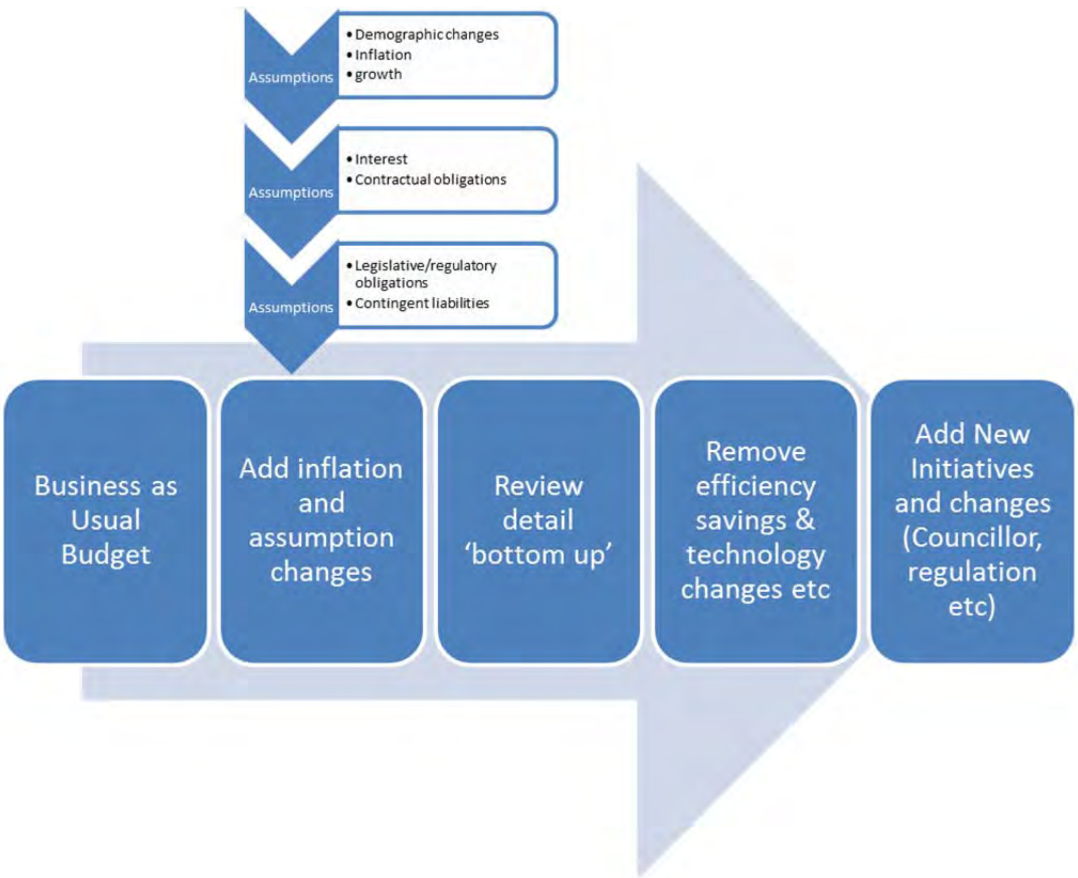
Recommendations

That the Audit and Risk Subcommittee:

1. Receive the information.
2. Note the assumptions in the attached documentation that makes up the basis for the Long-term plan.
3. Note that the Office of the Auditor General and Audit New Zealand auditors have reviewed the consultation document and supporting Long-term Plan documents and assumptions and Audit New Zealand have reported that the 'information and assumptions underlying the information in the consultation document are reasonable'.

Background

5. The Long-term plan has been developed over a period of time and a number of sources of information have been utilised in the development of the plan.
6. The budget process is an iterative one that starts with a high level 'business as usual approach' and works through generic and detailed assumptions and decision making to result in a draft consultation document.
7. Consultation on the Long-term Plan is different from previous LTP's, in that it is covered by the 2014 Local Government Act amendments which require each Council to produce a consultation document that covers the key issues for its Long-term Plan, rather than simply producing a draft LTP document. All supporting documentation that underpins the consultation document is available to to be viewed on the Council's website.
8. The budgeting process (a sub-process of the LTP) has a number of steps where assumptions are used to inform the projected costs. An outline of this process can be seen below.



Discussion

9. The Financial strategy and Infrastructure Strategy documents set the framework by which the detailed LTP are developed and agreed by Council. The LTP project is underpinned by a number of significant asumptions. These include

- Current contractual obligations
- Current legislative compliance obligations
- Bureau of Economic Research Ltd (BERL) for inflationary projectionas and economic development modelling
- Forecast.id –demographic forecasts
- PWC - Economic growth
- GNS science – Risk analysis and earthquake events
- New Zealand Transport Agency (NZTA) – Funding roading projects
- Opus consultants - Asset valuation and planning
- SPM Ltd & Harmonics Ltd – Asset replacement data analytics and modelling
- Malvern, Jessop, Weaver – actuarial analysis of weathertight homes liabilities.
- Internal specialists

10. The detailed documents that contain the significant assumptions (as reviewed by Audit NZ) are attached.

Attachments

Author	Martin Read, Manager Financial Strategy and Planning
Authoriser	Andy Matthews, Chief Financial Officer

SUPPORTING INFORMATION

Consultation and Engagement

Treaty of Waitangi considerations
Consultation with iwi partners is occurring as part of the LTP process

Financial implications
The assumptions within LTP budgets and processes from part of the future planning for the Council, and the cost and funding of it's projects and programmes

Risks / legal
The nature of assumptions is that there is an element of risk as there accuracy is subject to the impact of many variables.

FINANCIAL STRATEGY:

Our 10-year plan

Wellington City Council's Draft Long-term Plan 2015-25

Absolutely Positively
Wellington City Council
Me Heke Ki Pōneke

DRAFT LONG TERM PLAN 2015-25

This document is part one of our draft ten year plan. It sets out the rates and borrowing limits of the council and the approach we take to ensure our programme is prudent and affordable.

Other components of our draft ten year plan include:

*Part Two: **Infrastructure Strategy** – this provides an overview of how we plan to manage our assets over the next 30 years.*

*Part Three: **Significant Forecasting Assumptions** – all plans are subject to change. These forecasting assumptions set out our starting point – the key facts and projections that we know today and expect to be important over the ten years of the plan.*

*Part Four: **Statements of Service provision** – this document sets outs our activities, associated performance measures, and the budgets for our capital and operating projects and programmes.*

*Part Five: **Funding and Financial Policies** – these include our:*

- *Revenue and Financing Policy*
- *Rates Remissions Policy*
- *Rates Postponement Policy*
- *Investment and Liability Management Policy*
- *Fees and Charges.*

*Part Six: **Funding Impact Statement** – our prospective financial statements.*

Related documents:

***Consultation Document** – this sets out the key matter for consultation.*

***Civic Precinct** (Statement of Proposal) – we are proposing to revitalise Civic Square including the leasing of some sites to, in part, off-set the costs of strengthening the Town Hall and other buildings.*

***Significance and Engagement Policy** – we adopted this last year. It guides our approach to consultation.*

A CHANGING FINANCIAL LANDSCAPE

In 2012 the Council's financial strategy was underpinned by fiscal restraint, recognising that the organisation's big financial challenges, including earthquake strengthening, leaky buildings and rising insurance costs. Confidence in the economy was low and ratepayer expectations were for rates increases in line with inflation. The strategy conformed to current practice and complemented existing financial policies. It set an annual rates increase target for 2012/13 equal to the Local Government Cost Index, lowering to CPI (around 2.5%) in subsequent years and planned for debt ratios significantly lower than all other metropolitan cities in New Zealand. But growth forecasts were low. The strategy was not sustainable and risked service cuts and minimal new offerings unless rates increased above forecasts in the strategy.

We have since reviewed how we deliver our services and consolidated our Council Controlled Organisations, implemented shared services in Water and IT and procurement programmes. These and similar initiatives are expected to deliver savings in excess of $50m for Wellington ratepayers over the next 10 years – though this is not enough to fund the increasing expectations that we, our residents and businesses have for the city.

Rates increases equal to or less than CPI (household inflation) are not sustainable in the long-term without cutting services. This would not be enough to fund what we provide now and meet ratepayer expectations for improved services.

Rather than risk cuts to services and a stagnating city, our new Financial Strategy provides a platform for the Council to invest and support economic growth, which in turn will create jobs, grow our ratepayer base and increase prosperity. We will achieve this by prioritising proposals for funding and expenditure that:

- Rebalance our spend and investment between key strategy areas
- Identify areas where service levels and performance are already high and increasing the use of existing assets, rather than spending on new investments
- Invest in projects that grow the economy and deliver returns on our investment
- Encourage urban growth in areas where we have existing infrastructure and public transport and in a way that improves environmental performance
- Improve our asset management to better manage risk while also maintaining high levels of service delivery
- Achieve ongoing efficiencies within the organisation, with a focus on shared services and improved customer experiences.

WORKING FROM A POSITION OF FINANCIAL STRENGTH

Wellington City is in a strong financial position. Our debt to income ratio is currently less than 100%. This compares favourably with other metropolitan Councils whose equivalent ratios range from over 175% to around 275%. The Council also holds investments in Wellington Airport and a substantial ground lease portfolio that are valued at more than our $384m borrowings. So the Council could theoretically sell these assets and have no debt at all.

In its 2014 review of the Council's credit rating, the independent credit rating agency Standard & Poors judged Wellington City's stand-alone credit profile to be the highest of Local Government in New Zealand, and even higher than the government, but have capped it at the government level. Their assessment that the Council has 'very strong financial management and budgetary flexibility, strong budgetary performance and liquidity and low contingent liabilities' supports our view that our credit strength and institutional framework will allow higher debt burdens as we progress our strategy to invest in projects to grow the capital's economy.

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

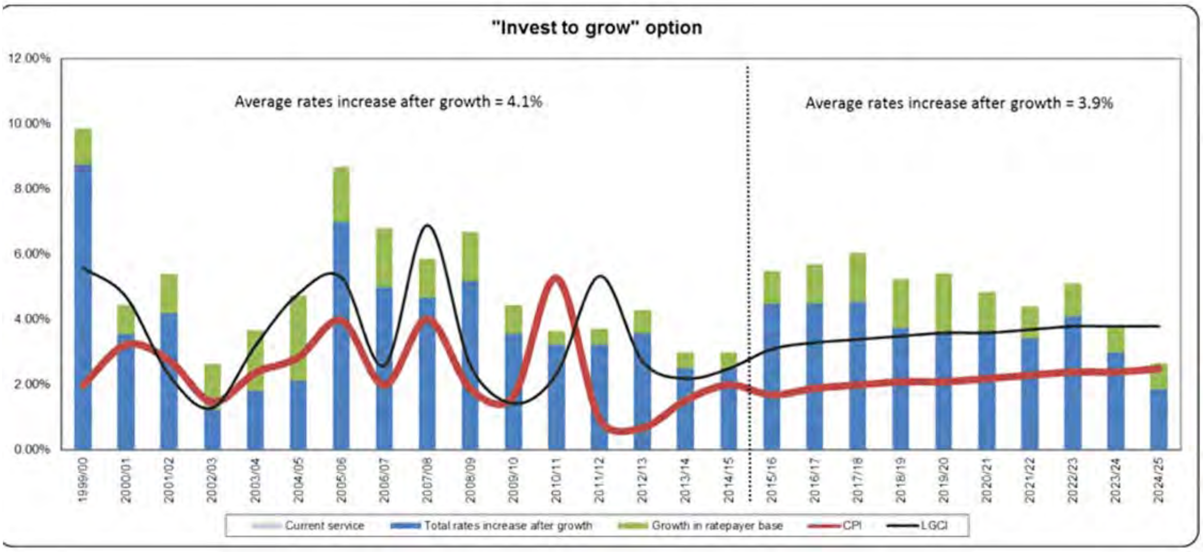
RATES FORECASTS AND LIMITS

Our 'invest to grow' strategy provides to limit average rate increases at 4.5% over the first three years of the LTP and an average of 3.9% across the 10 years of the plan[1].

If we keep going as we are...		If we invest for growth	
3.1%	Rates would increase by 3.1% on average annually over the next 10 years. And would be limited to 4.1% annually, on average, over the next 3 years	3.9%	Rates increases will be limited to a 3.9% on average after growth annually over the next 10 years. And to 4.5% annually, on average, over the next 3 years

The 3.9% average annual rates increase limit proposed within this strategy compares favourably with the average increase of 4.1% over the last 15 years.

[1] These rates increase limits are after accounting for growth in the ratepayer base and are indexed off the 2014/15 total rates excluding Business Improvement District Rating. They are subject to any inflationary increases in the rate of inflation of the Local Government Cost Index (LGCI) in the 'forecasts of price level change adjustors-2014 update' forecast by Bureau of Economic Research Limited (BERL) in September 2014.



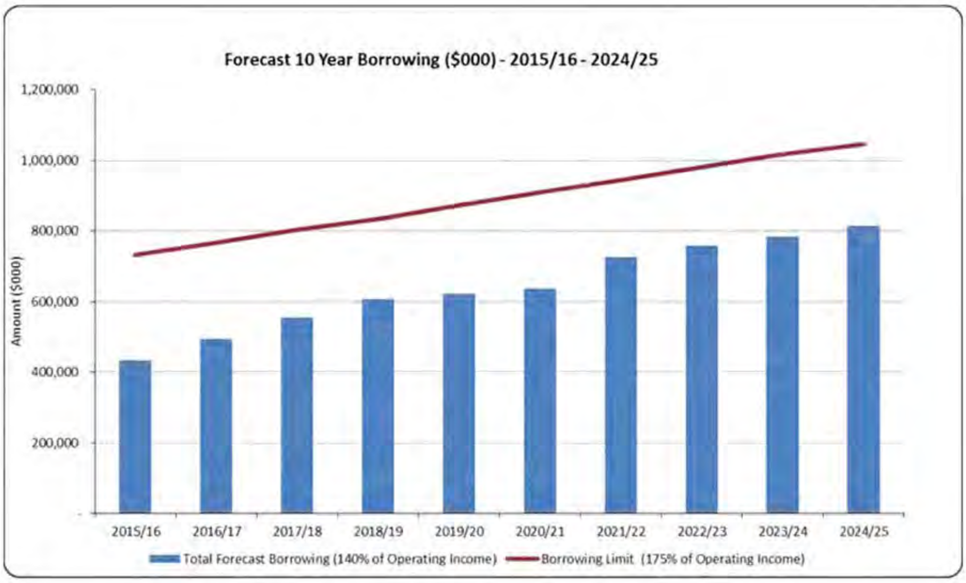
DEBT FORECASTS AND LIMITS

We are forecasting debt across the period of this LTP to peak at approximately 140% of operating income. The limit to the amount of debt the council will take on over the period of this strategy is 175% of operating income. This limit provides some contingency for Council to respond immediately to an unplanned emergency or natural disaster. The cost of servicing the forecast debt, and the assets we build or buy, is built into our forecast rates increases.

If we keep going as we are…		If we invest for growth	
130% forecast 150% limit	Council debt will be capped at a maximum of 150% of annual income – the same as a household earning $50,000 a year having a mortgage of $75,000.	140% forecast 175% limit	Council debt will be capped at a maximum of 175% of annual income – the same as a household earning $50,000 a year having a mortgage of $87,500.

5

Draft for Consultation - not Council Policy



CHALLENGES AND OPPORTUNITIES

In the pages that follow we explain how we propose to manage the financial challenges, opportunities and risks the city faces to enable the Council to deliver on this strategy in a financially prudent manner.

Population, land use, and rating base growth

Since 2010 Wellington City has had slow population growth of 0.7% per year (0.2% below the national average). The 2015 population is estimated at around 203,000 people. It is expected to increase by about 12,000 to around 215,000 by 2024, a modest 0.6% average growth rate per year. Limited changes to land use are forecast, however the northern growth management plan provides for the conversion of open space to residential development. The capital cost to provide for these changes over the ten years are forecast at around $75m and the associated operating costs $9m.

In the past five years, the ratepayer base has grown at an average rate of just 0.4%. History shows that Council investments can be a catalyst for economic growth. This was evident in the last significant growth spurt, when our rating base growth peaked at around 2.2% per annum in the early 2000s on the back of game-changing projects like Te Papa, Westpac Stadium and development of the waterfront.

This financial strategy aims to create the capacity to invest in initiatives that act as a catalyst for growth in the economy and the city's rating base. Our LTP includes a number of key investment projects that we expect will accelerate growth in our ratepayer base, which we conservatively expect to peak at around 1.8%, an average of 1.2% over 10 years. The larger rating base is expected to generate a $37m boost for existing ratepayers by 2024/25, a cumulative benefit of over $205m across the 10 years – and this benefit will continue to accumulate in subsequent years.

The financial benefit, or return, that the Council receives from prudent investments can be re-invested in the city. We call this the 'virtuous circle'.

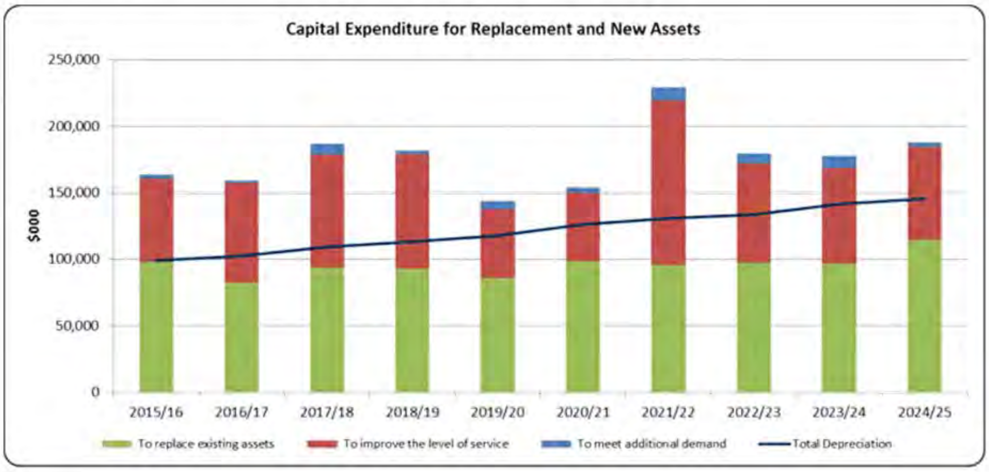
A strategic approach to asset investment

This plan is different in direction and approach to the past. The emphasis is strategic and long-term with a focus on short-term delivery.

The first three years of the plan is detailed and reflects a work programme that is realistically deliverable in the timeframe. A rolling three year forecast provides flexibility for the Council to respond to unanticipated changes and to consider new opportunities.

We've done a lot of work to better understand the quality of our assets. They are generally in good condition and we have a robust asset renewal programme in place. Continuing to improve the quality of asset information, particularly for our network infrastructure, means we can get more value from our assets without exposing the Council or the community to undue risk. We have used updated information to better plan and make decisions about assets that need renewing over the 10 years of the LTP. Our Infrastructure Strategy expands this timeframe out to 30 years and gives us confidence that we have the financial capacity to maintain our existing infrastructure in the longer term.

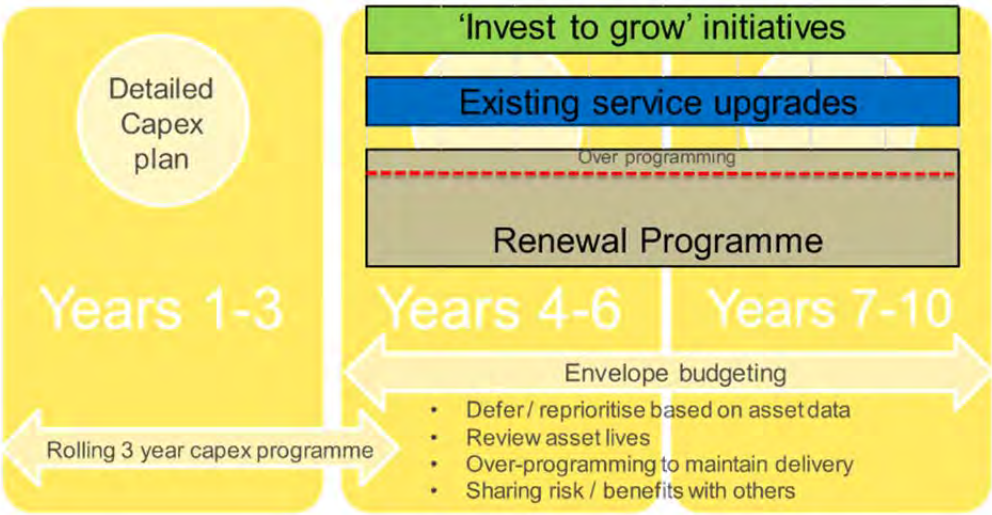
The expected capital costs for network infrastructure required to maintain existing levels of service and meet additional demands is as follows:



Significant projects to upgrade or improve services include increasing the cycling network, building a new library in Johnsonville and improving the resilience of the city's water supply. We also plan to continue to improve earthquake resilience, including the town hall, central library and civic offices.

There is less certainty, however, around the details, costing and timing for a range of potential new economic growth initiatives. While these initiatives will all be subject to robust business cases and public consultation, it's also important that we demonstrate the Council's capacity to invest in projects such as an international film museum, indoor music arena, extending the airport runway and urban development initiatives.

We have used an envelope budgeting approach to reflect the capacity that Council has within its financial strategy to fund 'invest to grow' economic initiatives in years 4 to 10 of the LTP.



Managing investment expectations

Annual surveys and benchmarking data show that service levels for social, recreational and community infrastructure are high in Wellington. However, over the last ten years there has been an expectation in the community that the Council will continue to increase service levels in these areas.

It is also recognised that during this period investment to support the broader Wellington economy and the city's rating base has been low.

This financial strategy recognises the importance of investment in the economy to grow the city and increase the rating base to provide the financial capacity to continue to invest in our infrastructure. In turn, this provides the resources for Council to deliver on recreation, social and cultural services, amenities and events. The risks of not doing so are summarised in the diagram below.

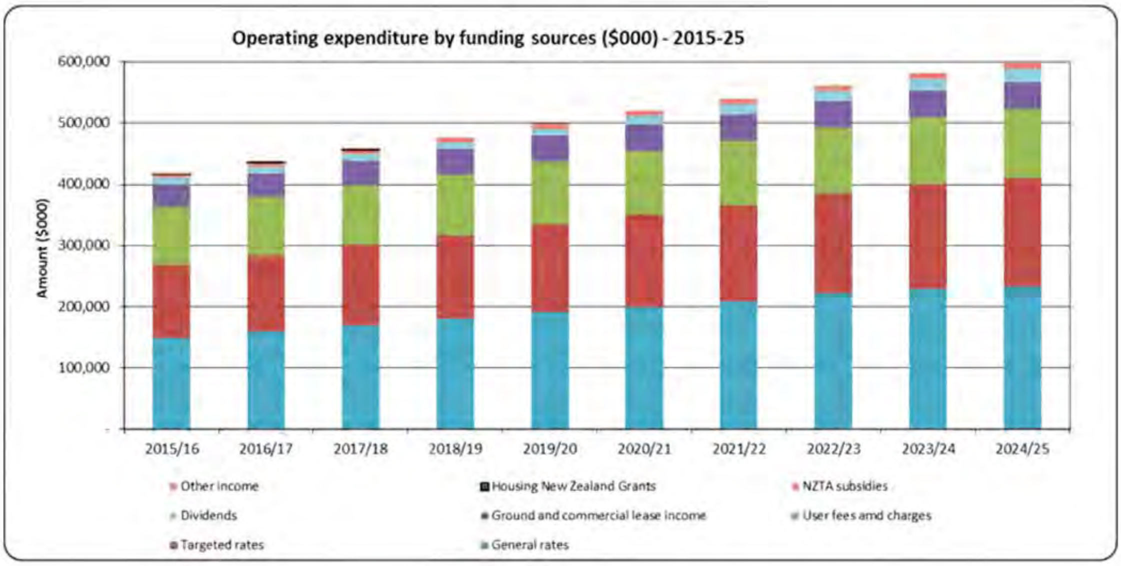
Risks:

- Economy shrinks
- Insufficient growth to drive GDP, jobs & prosperity
- Shrinking rating base
- Cuts to services

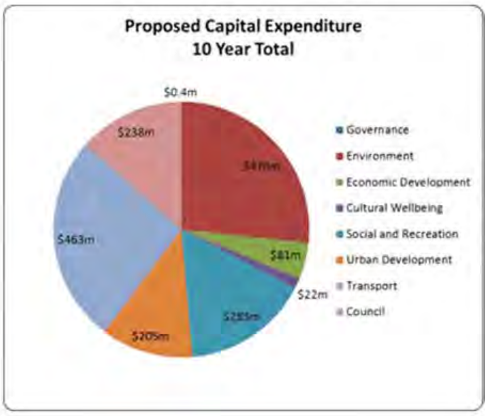
Continuing to do the basics well

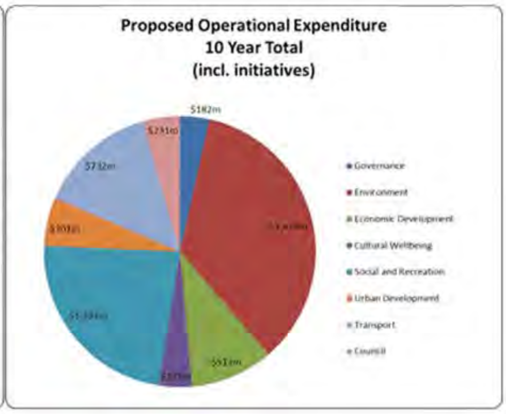
There is a risk that in investing to improve the economic resilience of the city that we compromise on delivering core services. We will manage this risk by providing capacity within our rates and debt limits to ensure that we can continue to provide the services we do now. We will increase the emphasis on improving utilisation of the assets and services we currently provide. To ensure we maintain high levels of service delivery we will continuously drive operational efficiencies within the organisation. We will also focus on shared services and improved customer service - for example combining of CCOs to create the Wellington Regional Economic Development Agency, shared IT infrastructure and a range of procurement and contract related initiatives.

Our plan is to continue to deliver the full range of services we currently offer.



The graphs below show that in our proposed LTP financial strategy we will continue to fund and invest in the full range of services we currently provide.





Maintaining an affordable and prudent balance between service, rates and debt

Our financial strategy sets a framework for investment decision making by:

- Setting maximum limits for rates and debt supported by funding policies that will ensure rates remain affordable.
- Linking to a clear set of funding principals as contained in the Council's Revenue & Financing Policy
- Using quality asset data to drive its infrastructure asset renewal and upgrade
- Requiring the Council to be specific about the costs, delivery timeline and impact on service levels of its investment decisions in the first 3 years of its plan.
- Being transparent about the assumptions used in longer-term (years 4 to 10) initiatives for which full business cases are yet to completed, and providing flexibility for investment intentions to be modified, depending on these cases and other external factors.

There is a risk that in attempting to maintain or increase service levels the council could compromise its funding principles that underpin its robust and prudent financial management. This risk is mitigated by continuing to make provision in our Financial Strategy to:

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

- Continue to fully fund depreciation on assets that the Council will be responsible for renewing when they reach the end of their useful life. This is needed so we can pay for their replacement in the future.
- Debt fund to maintain intergenerational equity. Debt is used to initally fund assets. This debt is repaid over the life of the asset through depreciation funding. This ensures that ratepayers only pay the cost of a service when they benefit from a service
- Enable asset management planning to inform and complement financial planning. This considers the condition and deterioration of assets to estimate their useful life and the costs of their replacement and repair. It balances risk and the and timing of replacement, as well as asessing the capacity required for growth
- Manage investments and equity securities. The primary objective of holding and managing investments and equity securities is to optimise the return on the overall investment portfolio. Investments are also held for the purpose of achieving Council's strategic objectives and to provide diversity to the Council's revenue sources. For non-strategic investments, the target return for investment is to achieve an average return over time greater than Council's long term cost of funds, currently forecast at 6.3% per year.The Council's investment policy sets out the mix of investments, strategies and other policy considerations in greater detail.
- Operate a policy on securities. To be able to borrow money we need to offer security to the lenders. Security is a guarantee which can be redeemed in case of default, like a house as mortgage security. Our borrowings are secured by creating a charge over our rates revenue. This security relates to any borrowing and to the performance of any associated obligations to borrowing. As a shareholder and borrower from the New Zealand Local Government Funding Agency we also use rates revenue as security over all borrowing from the agency.
- Implement our Insurance strategy which balances externally procured insurance, internal 'self-insurance', risk retention and transfer. Our insurance policy aims to achieve an adequate level of insurance with a balance of insurers from NZ and international markets. Our insurance is mainly for material damage and business interruption. Material damage covers catastrophe losses only, with an internal $10m insurance reserve fund (being increased over time) to cover excesses and day to day working losses. The insurance coverage includes natural disasters to a limit of liability of $400m material damage (buildings, infrastructural assets and contents) and Business Interruption combined over an asset portfolio of $4.658bn (2014/15). Our earthquake cover and other natural disasters are informed by Geological and Nuclear Sciences (GNS) on potential losses caused by these events

This strategy also allows for Council to maintain a reasonable balance between services rates and debt. Increases in service levels will be generally restricted to those services that are expected to provide an increase in the rating base, reducing the impact on current ratepayers.

Where debt funding is required to spread the cost of an investment across a number of years, we will focus on those investments that provide a return to reduce the impost on ratepayers.

Strategic partnering

We will develop a more focused and strategic approach to partnering with central government and the private sector. To reflect this we have assumed that in addition to the $1.7 billion of asset investment proposed in the 2015-2025 LTP, some investments to which we contribute will be undertaken by other organisations. To reflect this we have assumed that as part of our economic growth funding envelope we will provide sufficient grant funding to service $90 million of investment by an external party, but transfer the capital risk and not hold the associated debt on the Council's balance sheet.

We will also continue to investigate the philosophy of 'earn-back' with central government. When ratepayer funded council investment results in improved economic performance of the city and a higher tax take, we believe the Council should receive a portion of the financial benefit accrued by the government.

Rates affordability

In developing our financial strategy we have been very conscious that our rates are affordable. Our strategy is underpinned by an assumption that affordability will be maintained.

Wellington residents have significantly higher incomes than the national average.

	Wellington	National average
Household income >$70,000	54.6%	38.7%
Household income <$30,000	12.4%	18.7%

We know there are small pockets of deprivation in Wellington City. We will continue to manage this factor by providing rates remission and rates postponement policies. The central government-funded rates rebate scheme can also be used in hardship cases that result in difficulty paying rates.

Residents fund approximately 55% of total rates. As Wellington residents have significantly higher average incomes that the national average, our average rates equates to approximately 2.7% of average Wellington household income. Throughout the period of this LTP we intend to keep this below 3.5%, significantly lower than the 5% affordability threshold identified in the 2007 Local Government Rates Enquiry.

Commercial ratepayers fund 45% of total rates. Generally rates are a relatively small proportion of total business income, varying between 0.1% and 0.4%, depending on the sector.

Factors such as increased insurance and earthquake resilience costs are placing additional pressure, particularly on the not-for-profit sector and heritage property owners. While many not-for-profit organisations already receive lower rates under legislation, the Council is cognisant of the pressures earthquake prone status may cause and has initiated a rates remission policy to help.

Earthquake and weather-tightness risk

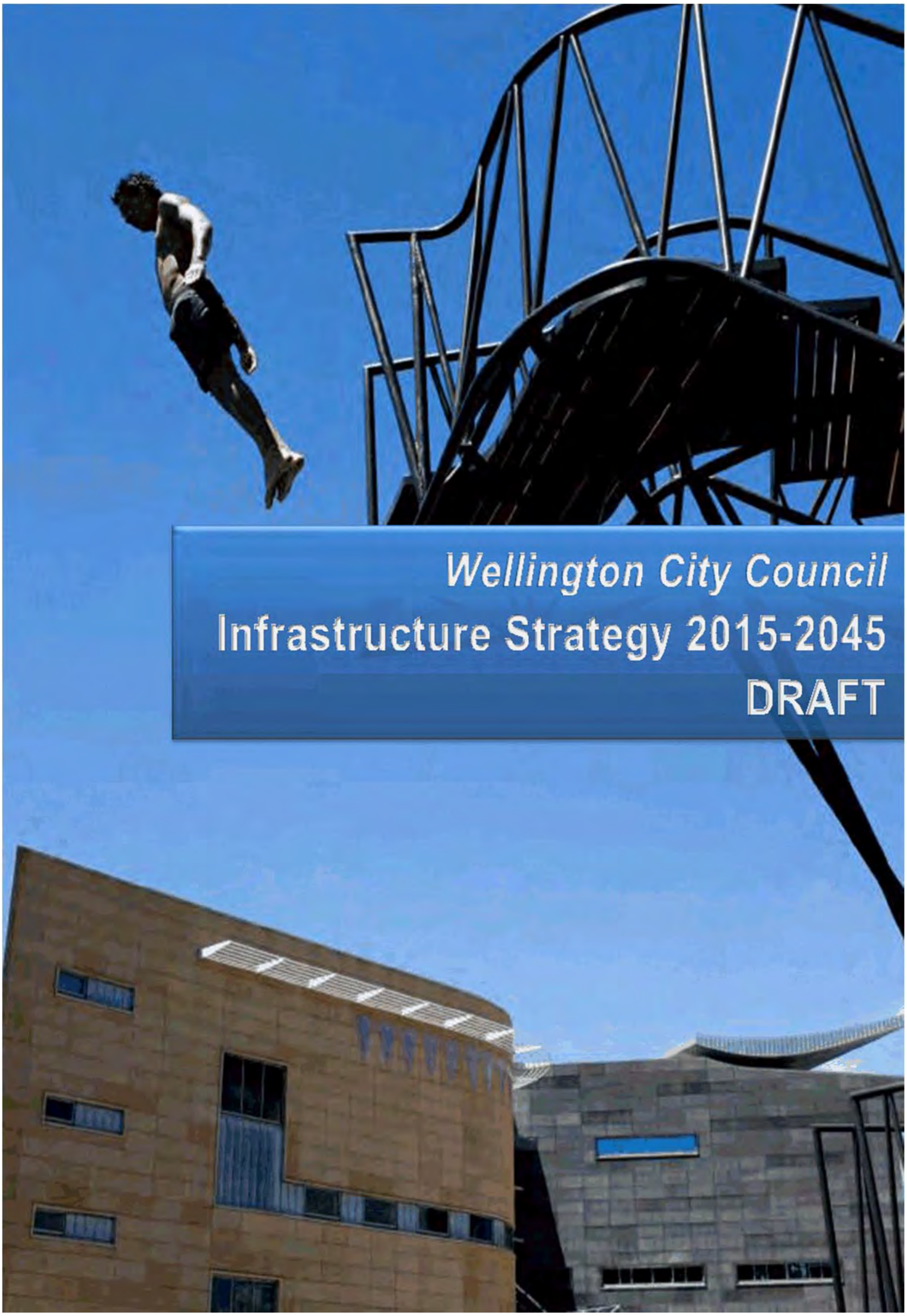
The Council's 2012 Financial Strategy highlighted earthquakes, weather-tightness and increasing insurance costs as key risks which warranted a conservative fiscal approach. Council's financial exposure to these risks is now better understood – all are catered for within this strategy and specifically budgeted for within the 2015-2025 LTP. We have made provision to earthquake strengthen the Town Hall, the central library and administration building. We will fully repay the borrowing taken out to cover the Council's contribution to leaky building costs over the period of this LTP and will utilise recent reductions in insurance premiums to replenish our self-insurance reserves.

Delivering on the strategy

This financial strategy supports and enables an ambitious plan to invest in the city. We have been conservative in our growth assumptions, but there is still a level of risk that the investment projects we propose will not deliver the economic and rating base increases we are forecasting. We will manage this risk by conducting detailed business cases for each investment to assess their cost effectiveness and economic contribution. We will also consult before deciding to proceed. We will also measure and report on our performance against this strategy annually and review the strategy every three years.

Our view is that there is significantly greater risk in not investing to support the city's economy, making it more difficult for us to compete nationally and internationally, a loss of businesses, jobs, cuts in services and higher long-term rates for the ratepayers that are left behind.

'Current service' strategy	'Invest to grow' strategy
No / or very limited new offerings Renewing assets based on a depreciation profile rather than asset quality	New offerings to reinvigorate the city and its economy Greater ability to reprioritise capex renewals & upgrades based on improved asset information
Limited ability to respond to opportunities	Ability to respond to opportunities
'Limited ability to respond to growth, economy and ratepayer expectations	'Envelope' budgeting to provide for economic investment in years 4-10 ($180m over 10 years)
Minor reprioritisation of capex renewals (only) based on improved asset	Flexibility to adjust 'envelope' in response to growth, economy and ratepayer expectations
No opportunity to grow business and community confidence through investment in the city	Opportunity to significantly grow business and community confidence
Growth in rating base will be low – fluctuating in response to economy – limited ability to influence Potential cuts to services	Elevated growth in rating base support long-term sustainability and vibrancy of the city ($200m cumulative direct ratepayer benefit over 10 years+ citywide benefit)
Slightly lower rates increases in the short-term (4.1% over 3 years , 3.1% over 10 year)	Slightly higher rates increases in the short/medium term (4.5% over 3 years, 3.9% over 10 years)
Lower investment = lower borrowing levels, but no improvement to ratepayer equity in the city	More investment = higher borrowing levels, but maintain ratepayer equity in the city
Risk of stagnation	Opportunity for city to grow & flourish


Wellington City Council
Infrastructure Strategy 2015-2045
DRAFT

Document Map: Infrastructure Strategy

Part 1: Strategy Overview

Strategy Introduction

This strategy explains how we will deliver infrastructure services to meet the needs of current and future generations.

It aims to achieve a balanced investment programme, which keeps existing infrastructure in good condition as well as allowing for investment in new infrastructure to meet expected growth. The strategy covers a period of thirty years and includes an overview of major matters and trends that will have an impact on our infrastructure over this period, how we propose to respond to these, and the risks and costs associated with our investment in infrastructure over that time. All with the primary imperative of providing public value.

Strategy Context

This Infrastructure Strategy has been developed in the following context;

Wellington has experienced modest growth over recent years (typically 1% p.a.). The Long Term Plan aims to invest in economic growth projects that will accelerate this growth. The Urban Growth Plan 2014-2043 envisages population growth from the current 200,000 to one of 250,000 within the 30 year period, with the majority of this growth along a defined growth spine. Whereas there will be some changes in the demographics of the City, ageing of the population it will be considerably less than in other parts of the country.

With this in mind, and as our City relies heavily on infrastructure and the services delivered through these assets, the focus of this strategy will be to maximise the benefits and value of investments already made in the past and into the future.

Collectively the City has $6.5 billion invested in physical assets – everything from water, roads and footpaths (network assets) through to libraries and community halls (social assets) and we spend circa $94m per year to maintain and renew these assets. Over the first third of this 30 year infrastructure strategy (30IS), we will be investing in additional infrastructure to meet modest demand from growth and fill gaps in our service offering, particularly where these investments support the Council's economic development goals.

This strategy provides a clear 'line of sight' from our vision for the City through to the 2015 Long-Term Plan and the two foundation strategies, infrastructure and financial, that drives that plan.

The strategy will have the following imperatives;

- Continued development of evidenced-based decision-making tools for any infrastructure investment proposal
- A continued programme to improve asset knowledge of condition, utilisation and performance
- A focus on renewals to maintain existing levels of service, within an agreed risk environment – including a focus on increasing the resilience in all networks
- Integration of planning tools to direct new growth where possible to areas with existing surplus capacity
- Incentives to support increasing the use existing community facilities
- Integration of upgrade works with renewals to reduce cost and disruption.

Figure 1

4

Strategy Scope

This strategy recognises two groups of assets, network infrastructure and social infrastructure. This strategy focuses on these infrastructure assets. Council also owns additional assets and delivers services that are not reliant on assets; these are not covered in this strategy

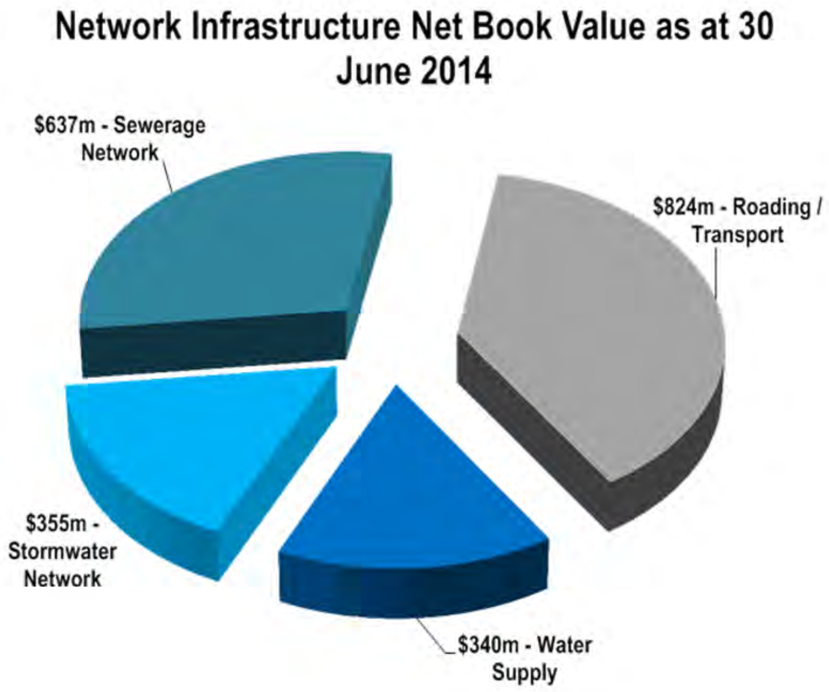
Figure 2

Network Infrastructure

- Roads/Transport
- Water Supply
- Waste Water
- Storm Water
- Flood Protection

Social Infrastructure

- Libraries
- Community Services
- Community Health Services
- Parks & Open Spaces
- Corporate Property
- City Housing
- Recreation Services



NB: Detailed information of the make-up of individual asset groups are available in relevant Service Plans covering the above Network and Social Infrastructure services above (see the brief appendix at the end of this document for direction to these documents).

Major Issues Influencing Our Strategy

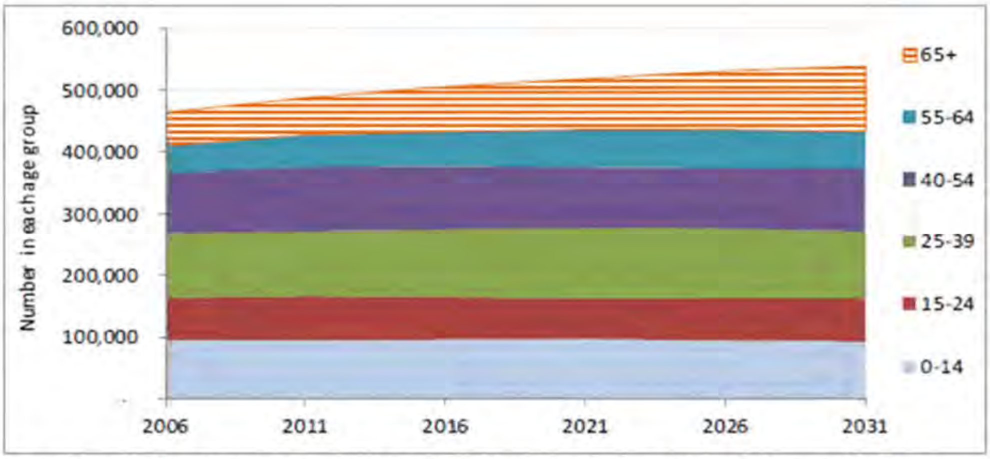
Population Growth & Demographics

We expect that the city will experience modest population growth over the next 30 years, similar to current and historic trends for the City (see figure 3 below). Beyond this period, population in New Zealand is expected to stabilise, Wellington (both the region and the City) is not expected to be materially different. Planning implications are being considered as part of the longer-term view of our long-life assets as part of any deliberations for investment.

The Council is considering investing in the city to unlock more economic growth. While we do not expect that growth in itself will place unpredictable demand on infrastructure services in the future, any significant population growth in response to a more buoyant local economy will increase demand on services and infrastructure. We will regularly update service levels through annual plans in response to population growth beyond those currently forecast.

Changing demographic profile of the city over time;

Figure 3



Source: Statistics New Zealand, Subnational Population Projections by Age and Sex, 2006(base)-2031 Update

Resilience & Sustainability

The Council has a responsibility to manage its assets and services in a way that provides resilience and protection for the city. Wellington is particularly exposed to the risk of natural disasters. The main concern is earthquakes; but, we are also at risk of severe weather events (e.g. big storms), as well as the longer-term effects of climate change (for example, sea-level rises).

A number of programmes looking at quantifying and measuring the impact of climate change on our infrastructure are underway, the additional data and information from these studies will inform future iterations of the infrastructure strategy.

These initiatives support an ongoing programme of capital renewals which provide for improved resilience in our networks with a careful selection of material types and engineering design techniques. Critical assets have been treated with priority. This programme has been underway for more than a decade and will continue through the 2015 LTP, the 2015/45 30IS and beyond.

Community Demand & Affordability

Community expectations of council services are continually increasing, while tolerance for cost increases, disruptions and service failure is decreasing.

Council will have an ongoing dialogue with the community through the annual and long-term plans about the levels of service it provides. This is to ensure it meets expectations, and any changes to service levels will take into account factors such as cost, the distribution of benefits and who pays.

Alongside current growth and demand considerations, asset capacity and utilisation (discussed below) are being carefully analysed against future demand. One of the key programmes of work is to understand where prior investments in infrastructure are underutilised in the current environment. District Plan planning rules and other key constructs (e.g. urban design) are being considered carefully as part of this analysis. Affordability, current and future, is another.

Regulatory Requirements

Changing statutory requirements and national standards set by central government (e.g. health and safety) can impact on how and to what level, we deliver services. We will work with government on changes to national standards that impact our infrastructure services and implement them in accordance with legislative requirements.

Overall Approach

We will take a principled approach to how we manage our infrastructure portfolio. The following principles will guide our decision-making. In the last three years, and as a result of a number of decisions Council resolved in the 2012 LTP, the Council has developed and implemented a vigorous data collection programme across all its infrastructure assets. This has culminated in a specialised strategic asset management framework which uses analytics and evidenced-based decision-making tools to inform short, medium and long term infrastructure investment decisions on behalf of the community. New disciplines (e.g. statisticians, mathematicians and actuaries) have been integrated into the more traditional engineering and financial disciplines to build robust forecasting models to inform the 2015 LTP and the 2015/45 30IS in the 'big data' environments this entails. One of the key considerations has been a refocus on the 'whole of life' costs and benefits of an asset and the services these provide.

Critical to these considerations has been the reconciliation of the depreciation expense (funding) against the forecast renewals (expense) across the whole of life of the Councils assets (although a 30 year timeframe is published in this strategy, the analytics are out to a horizon of 100 years). The financial principles which support this approach are clearly described in the Financial Strategy. There are a number of key general considerations which when combined with this approach have supported this new approach and informed this strategy;

Fit for Purpose

We will provide quality infrastructure that can deliver services in a manner that meets community expectations now and into the future; we will maintain and renew infrastructure and facilities in accordance with best practice.

Asset Utilisation

We will improve our understanding of the capacity and utilisation of our assets. Where asset networks are under-utilised, we will develop strategies to increase utilisation to ensure maximum benefit is derived from our investment.

Strategic Long-term View

We will continually scrutinise our asset performance with an eye on service outcomes and investment value, with a distinct focus on whole-of-life costs and long-term affordability. We will consider the long-term implications of investment in infrastructure and make sure the level of contribution from each generation is set at a fair and reasonable level.

Improved Knowledge and Data

We will continually increase the level of understanding of our assets to ensure maintenance and renewal programmes are optimally set. Quality information and data will enable us to accurately link the relationships between costs, benefits and risks.

Coordinated

We will ensure infrastructure decisions are coordinated across Council, its subsidiaries, other agencies and local councils in the region.

Resilient

We will work to ensure our infrastructure can deal with significant disruption as a result of natural hazards. We have a good understanding of the seismic risk to Council assets from earthquakes. We will continue to utilise technological advances to increase the resilience of assets we renew, and ensure the risk of financial loss resulting from earthquake events is prudently managed and reduced over time. We will increase our understanding of the impact of climate change on our infrastructure networks to improve management of our assets and guide future infrastructure investment.

Managed Risk

We will comply with all legislation and national standards that apply to infrastructure and service provision.

Our Assumptions

Underlying this strategy is a number of key assumptions. These assumptions have a specific and important influence on the picture this strategy builds for Wellington City and how Council addresses any challenges and opportunities it highlights. These assumptions similarly inform the Financial Strategy. This strategy is based on the following assumptions;

Investment

Investment in civic infrastructure will be set at a level that retains existing levels of service and can meet demand from growth. The funding models which support the longer-term view of our infrastructure replacement and upgrade profiles demonstrate this is affordable over the next 30 years and beyond.

Population Growth

The population increase through to 2043 is expected to be 246,693 (a movement of 46,273). Should economic growth be achieved above historic norms, population growth is likely to exceed this expected level. Population, if it follows current long-term projections for New Zealand generally, will likely remain static for the next 30-50 years.

Community Demand

Community demand for improved social infrastructure services will generally only be made where there is a 'gap' in our service offering, or where increasing service levels would retain our competitive advantage in that service; in comparison to other cities.

National Standards

Although the statutory environment for local government will evolve, the broad requirements for infrastructure will remain static.

Economic

The city's economic performance (in terms of performance as measured by GDP) will move from just below the national average, to consistently above the average over the period of this strategy.

Forecasting Assumptions

Over the past three years there has been a substantial data collection programme across all core infrastructure assets (Transport, Water, Wastewater, Stormwater). This information has been used to determine asset value, asset life and the forecast renewal programmes which are captured in the expenditure graphs, illustrated on the following pages. Our forecasting assumptions are based on deterministic modelling on available information on asset quantity, condition, life, value to inform our depreciation and renewal programme.

Earlier years of the LTP this information tells us that our short-term asset renewal requirements are generally lower than we have budgeted for our renewals in the past.

We have maintained a prudent approach in continuing to fully fund depreciation where it is anticipated that Council will be responsible for renewing the asset in the future. We have also mitigated the risk that if there is a need for renewal expenditure above that determined by our model e.g. to respond to urgent / emergency situations.

We have achieved this by additional capital funding capacity in years 2 -10 of our LTP. This amount is equal to the difference between our renewal expenditure and depreciation over the first 3 years of our LTP.

Part 2: Our Infrastructure Services

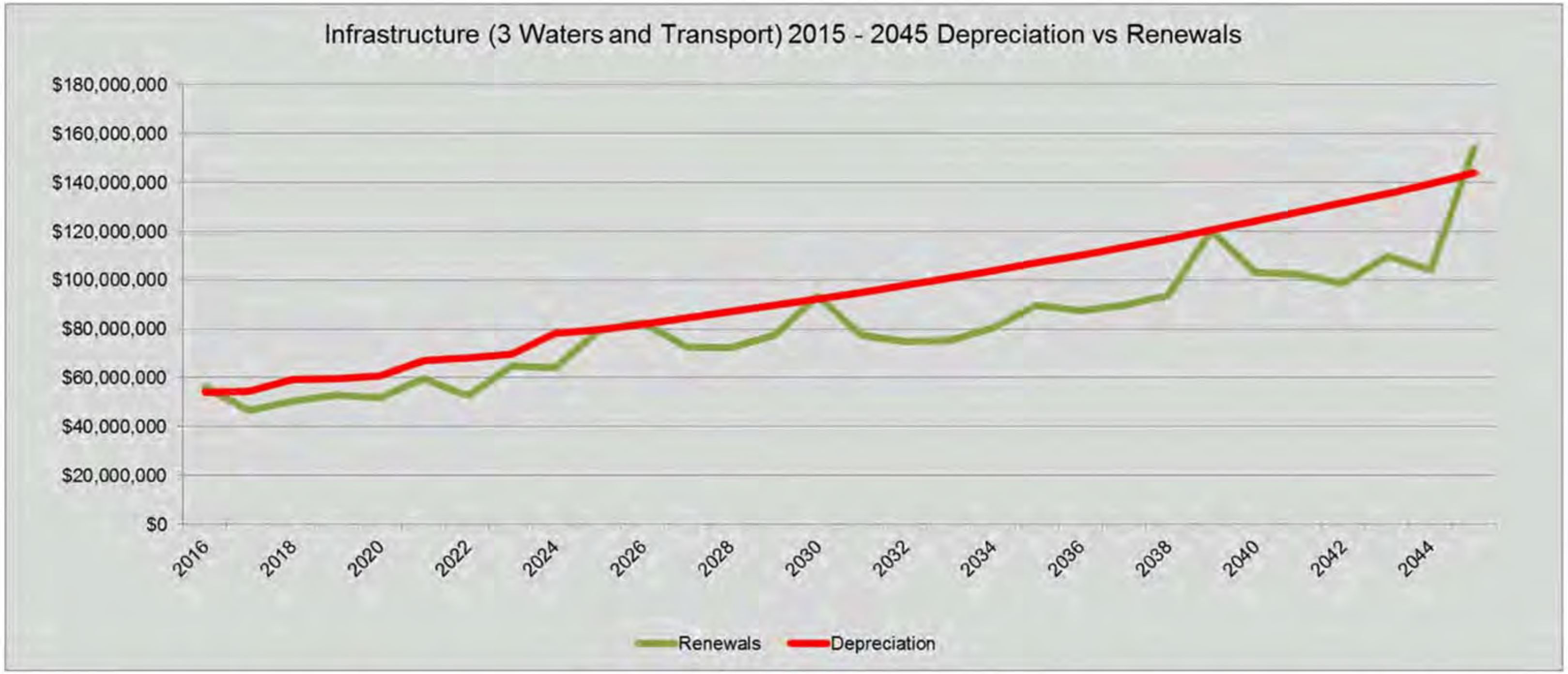
Network Infrastructure (3 Waters and Transport)

Infrastructure (3 Waters and Transport) 2015 – 2045 Financials

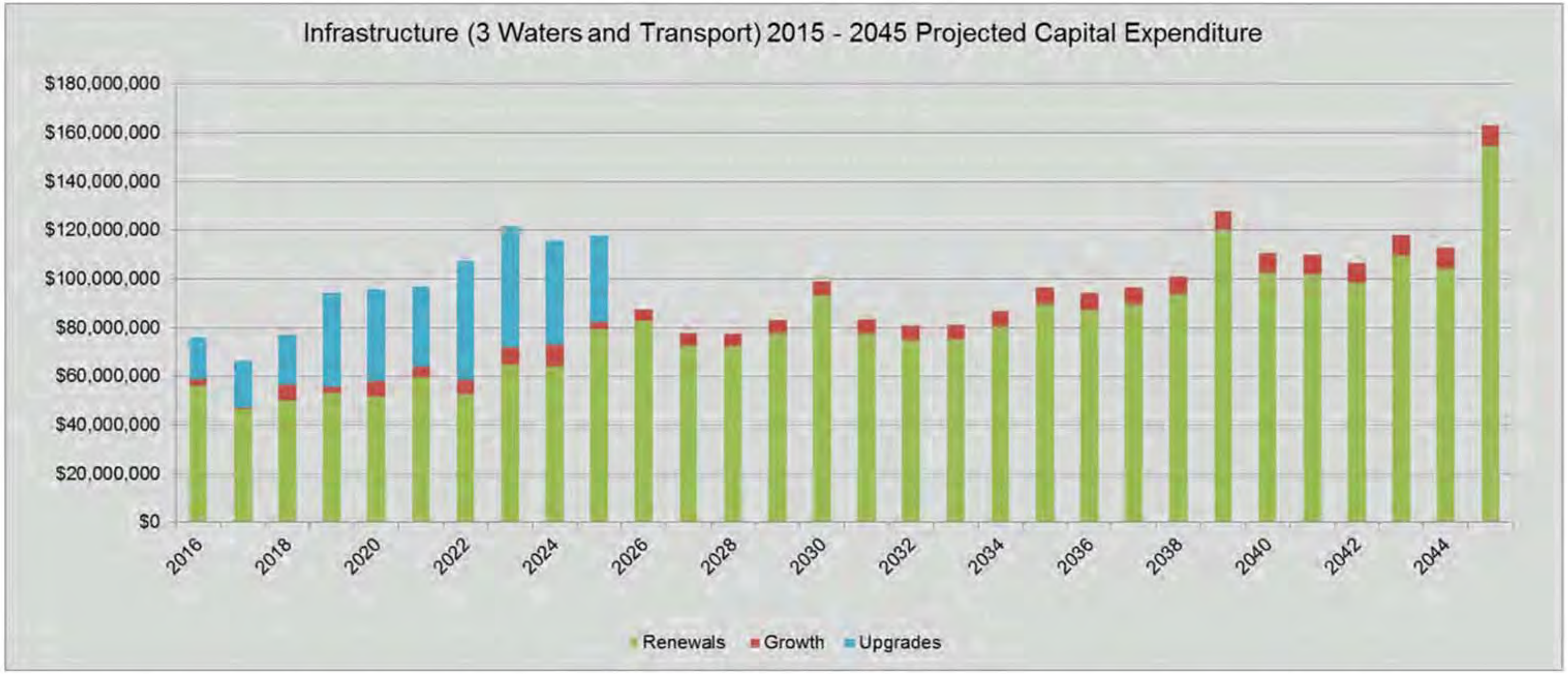
Description	2016	2017	2018	2019 - 2025	LTP TOTAL	2026-30	2031-35	2036-40	2041-45	30 Year Finanicals
Operating expenditure	87,875,918	92,787,379	96,711,719	851,179,248	1,128,554,264	757,459,441	878,103,092	1,017,962,149	1,180,097,128	4,962,176,074
Stewardship [depreciation]	54,231,950	54,592,112	59,087,992	482,555,043	650,467,096	435,481,675	504,842,615	585,250,955	678,466,260	2,854,508,601
Income	(6,689,118)	(7,451,623)	(7,819,127)	(57,264,416)	(79,224,285)	(49,454,826)	(57,331,698)	(66,463,151)	(77,049,008)	(329,522,968)
Total Operating Projects	**135,418,749**	**139,927,868**	**147,980,584**	**1,276,469,875**	**1,699,797,076**	**1,143,486,289**	**1,325,614,009**	**1,536,749,953**	**1,781,514,380**	**7,487,161,707**
Capital Project Renewals	56,375,245	46,456,462	50,166,001	424,688,831	577,686,539	398,385,498	397,640,525	494,344,420	569,155,911	2,437,212,893
Capital Project Upgrades	17,175,516	18,926,526	20,512,920	286,039,822	342,654,784	-	-	-	-	342,654,784
Capital Projects Growth	2,521,880	926,060	6,383,039	38,819,428	48,650,407	26,604,037	30,841,370	35,753,601	41,448,222	183,297,637
Total Capital Projects	**76,072,640**	**66,309,049**	**77,061,961**	**749,548,081**	**968,991,731**	**424,989,534**	**428,481,895**	**530,098,021**	**610,604,133**	**2,963,165,314**
	-	-	-	-	-	-	-	-	-	-
Grand Total	**211,491,390**	**206,236,916**	**225,042,545**	**2,026,017,956**	**2,668,788,806**	**1,568,475,823**	**1,754,095,904**	**2,066,847,974**	**2,392,118,513**	**10,450,327,021**

The above table shows the projected operational and capital expenditure for 30 years for the 3 Waters and Transport activity. This is followed by the projected expenditure in each subsequent 5 year period. This excludes capital upgrades for the remaining twenty years of the thirty year plan. The upgrades from year 11 – 30 are currently unplanned and unbudgeted.

10



The above graph shows the projected capital renewal expenditure and depreciation funding for 30 years of the 3 Waters and Transport activity. The movement in renewals reflects the age and condition of the asset and its replacement cycle.



The above shows the projected capital renewal, growth and upgrade expenditure for the next 30 years. The upgrades from year 11 – 30 are currently unplanned and unbudgeted.

12

TRANSPORT

Summary

Our transport service is focused on delivering safe, effective and efficient movement of people and goods. This includes carriageways for private travel, public transport and cycling and walking. As with all our core infrastructure services, we have a large inventory of physical assets and therefore a large funding requirement for operation, renewal and development. The City has a sophisticated and complex transport network with a corresponding maturity in its operational and capital management programmes for delivering this network and service.

Transport Infrastructure Profile and Level of Service

Our transport infrastructure is in good condition, our levels of service are currently meeting the needs of the City and these service levels are sustainable and affordable. Asset condition is assessed annually and whole of life investment decisions are made with regard to the information provided from these surveys. Our current operations and renewal programmes are adequate to sustain this level of service over the short and medium-term (a 10-30 year horizon). Details of Levels of Service can be found within the Transport Service Plan (refer appendix for details). The current levels of service are not expected to materially change. There will however be a focus from time to time on the types of initiatives outlined in that plan to meet shifting priorities and demands in the future as circumstances dictate.

Growth & Demand

Growth and demand in the transport service is very closely aligned with population and economic growth, which are expected to moderately increase in the future. Demand is affected by behavioural changes (such parents using cars to deliver their children to schools or people choosing to use public transport verses drive a car, walk or cycle). Consequently, there are a number of capacity and utilisation projects underway to improve our understanding of the behaviour and use of the transportation network by its commuters. This includes projects that provide both real-time traffic data and by transport data by 'mode'. This is a key capability, it also forms the substantive backbone for the 'sensing city' initiative that has been adopted by Council. Growth in capital expenditure requirements are primarily in the areas of resilience, network infrastructure improvements identified in existing local and regional transport plans, and network improvements needed to unlock economic growth. This growth is catered for in the current capital development programmes of the service.

Major Issues & Risks

Issue / Risk	Options to address risk
Increasing congestion around the city, especially at peak times along major routes	Close integration of the council's network with planned investment by NZTA, particularly the Ngauranga to Airport corridor Encourage change in mode choice
Increased public expectations for multi-model transport options	No new investment in PT and active modes One off investment in PT and active modes Continuous investment in PT and active modes
Competing demands for road space by different modes on very constrained road corridors	Prioritisation of some routes for specific transport modes Acquisition of wider road corridor on key routes
Sea level rise impact on coastal roads	Improve understanding of risk and timing
Network resilience to earthquake risk	Continuous network resilience improvements, prioritised on strategic routes

Most Likely Scenario for Service

Increased service levels are proposed in the continuous investment of improved provision of multi-modal infrastructure, with the inclusion of $74m of capital investment over the next 10 years. The level of service in roading and streetscapes will be gradually increased with the expenditure of $112m in urban development over the next 10 years. The operations and renewals programmes in place will adequately deliver this level of service sustainably over the medium and long-term.

Significant Future Decisions

Significant future decisions are subject to the Council's 'Policy on Significance'. This is reviewed every three years with the LTP. Over the period of this strategy the council will consider the following as part of this review;

- The development and maintenance of an increasingly resilient network
- Maintaining sufficient flexibility in the network to be able to respond to changing transport mode choices
- Integrating the Council's network with NZTA investments, particularly the Ngaranga to Airport, Transmission Gully and Petone to Grenada projects

Financial Commentary

The forecasts we have tell us that spending on the network over the next 100 years is relatively predictable and stable, and that forecasted actual costs are less than what is forecast in the current LTP. Most of the capital spending will be on roads, with a relatively high proportion of that spending going towards upgrades.

Infrastructure & Financial Profiles

With the level of detail the Council now has at its disposal to interrogate the performance of its infrastructure assets, we can now have a high degree of confidence around that performance. The charts below clearly demonstrate the expected future financial commitments expected in each asset group.

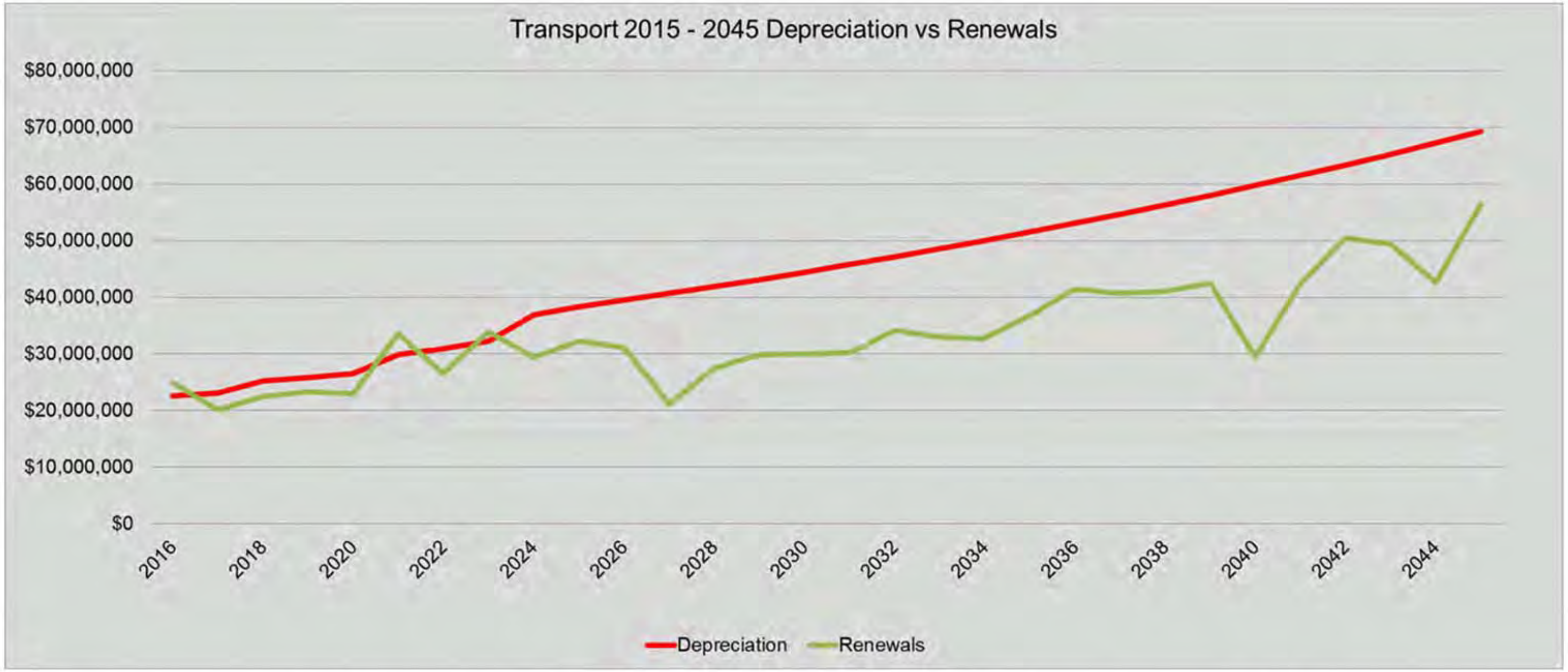
Scenario / Service Cost

Transport 2015 - 2045 Financial Plan

Description	2016	2017	2018	2019 - 2025	LTP TOTAL	2026-30	2031-35	2036-40	2041-45	30 Year Finanicals
Operating expenditure	23,920,637	24,945,815	25,894,824	220,147,688	294,908,963	192,095,565	222,691,409	258,160,377	299,278,632	1,267,134,945
Stewardship [depreciation]	22,667,480	23,031,009	25,231,318	220,764,317	291,694,124	209,656,194	243,048,990	281,760,393	326,637,519	1,352,797,220
Income	(6,030,018)	(6,780,000)	(7,134,322)	(52,024,569)	(71,968,908)	(45,064,873)	(52,242,539)	(60,563,421)	(70,209,604)	(300,049,346)
Total Operating Projects	**40,558,099**	**41,196,824**	**43,991,819**	**388,887,436**	**514,634,178**	**356,686,886**	**413,497,860**	**479,357,348**	**555,706,546**	**2,319,882,819**
Capital Project Renewals	24,936,946	20,056,882	22,469,323	202,025,272	269,488,424	139,813,817	166,852,197	195,177,025	241,221,632	1,012,553,094
Capital Project Upgrades	13,172,775	13,373,524	12,632,139	199,036,796	238,215,234					238,215,234
Capital Projects Growth	1,579,516	-	5,260,176	30,037,633	36,877,326	20,166,033	23,377,960	27,101,462	31,418,023	138,940,804
Total Capital Projects	**39,689,238**	**33,430,406**	**40,361,638**	**431,099,701**	**544,580,983**	**159,979,850**	**190,230,156**	**222,278,487**	**272,639,654**	**1,389,709,131**
				-	-					
Grand Total	**80,247,337**	**74,627,230**	**84,353,457**	**819,987,137**	**1,059,215,162**	**516,666,737**	**603,728,016**	**701,635,836**	**828,346,201**	**3,709,591,950**

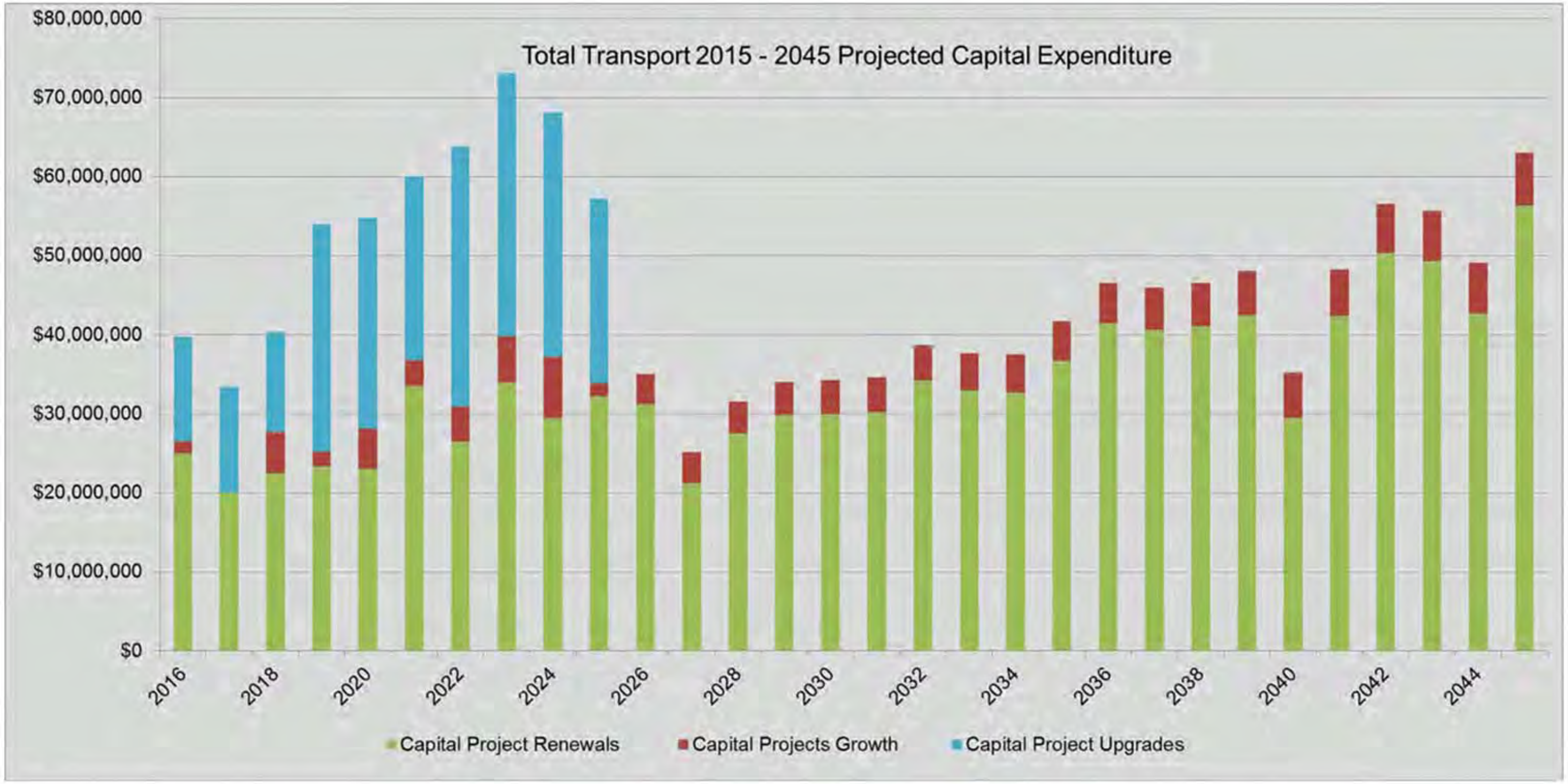
The above table shows the projected operational and capital expenditure for the 30 years of the Transport activity. This is followed by the projected expenditure in subsequent 5 year period. This excludes capital upgrades for the remaining twenty years of the thirty year plan. The upgrades from year 11 – 30 are currently unplanned and unbudgeted.

15



The above graph shows the projected capital renewal expenditure and depreciation funding for 30 years of the Transport activity. The movement in renewals reflect the age and condition of the asset and its replacement cycle.

16



The above shows the projected capital renewal, growth and upgrade expenditure for 30 years for the Transport activity. This excludes capital upgrades for the remaining twenty years of the thirty year plan. The upgrades from year 11 – 30 are currently unplanned and unbudgeted.

STORMWATER

Summary

Our stormwater service provides protection from flooding and weather events, while minimising the adverse effects of stormwater discharges on the harbours, streams and other water bodies of the City. As with all our core infrastructure services, we have a large inventory of physical assets and therefore a large funding requirement for operation, renewal and development.

Stormwater Infrastructure Profile and Level of Service

While our stormwater infrastructure is in generally good condition we know that there are parts of the network where we are not meeting the current implied policy of providing flood protection to a 1 in 50 year severity event. Meeting this level of flood protection is not practical or financially sustainable. Our challenge over the next few years will be to model the stormwater catchments (hydraulic models), with the ability to drill down to the level of detail where we can make more informed capital investment and planning decisions in the future. In the meantime we will be focussing on determining the location of the at-risk areas where we will need to undertake stormwater improvements. For other parts of the City we will continue to meet the level of service currently provided, generally protection to a 1 in 5 year severity event.

It is likely this work will also highlight the need for some rethinking of the current policy settings in stormwater – and in particular the levels of service the City might likely be able to provide into the future. Our approach will inform future discussions with our community.The stormwater service directly impacts coastal and freshwater quality around the City. While in general water quality standards are currently being met there are instances where this is not the case. A flagship Blue-belt project focusing on water quality is one of a number of important initiatives proposed in the 2015-25 LTP.

Growth & Demand

Incomplete data currently exists to accurately quantify future demand on the stormwater network. Effects of climate change are expected to lead to increased discharge into waterways and impacts on the network where capacity constraints already exist. Expenditure growth will focus on planning controls and targeted investments to address service shortfalls both in data and network.

Major Issues & Risks

Issue / Risk	Options to address risk
Data availability and confidence	Comprehensive programme of data collection and data review.
There is a lack of clarity regarding the level of service to be provided for flood protection – currently there is an implied LoS of protecting to a 1 in 50 year severity event but an actual service level provision is generally 1 in 5 year severity event.	Define the levels of service and protection the network is to provide
Lack of understanding of the current level of flood protection provided and where	Develop hydraulic models of the entire network
There may be areas where due to the flood risk exposure that a LoS of protecting to a 1 in 50 year severity event is desirable. However there are affordability issues associated with meeting this LoS	Targeted improvements in network capacity Use of planning controls and minimum floor levels

Issue / Risk	Options to address risk
We need to understand the risks from climate change impacts on the network and identify adaptation measures	Use new hydraulic models to improve understanding of risk and timing
We need to consider the effects on water quality from our stormwater discharges and the effects on the community.	Engagement with the whaitua committees through the process to set standards for water quality.

Most Likely Scenario for Service

The most likely scenario, looking forward, will be:

- To maintain the level of service we are currently providing for flood protection (a 1 in 5 year severity event) – for 70% of the City
- Targeting at-risk areas where flood protection needs to be provided to a 1 in 50 year severity event
- To maintain the level of service we are currently providing for water quality – namely compliance with resource consents and maintaining appropriate standards of water quality and waterway health across Wellington City's coastal and river environments.

In order to achieve this, the Council needs to better understand; the existing capacity of the network, where and to what extent we are providing flood protection to a 1 in 5 year severity event and where the areas exposed to high flood risk are. Our hydraulic modelling projects will address this over the next three years. It is likely that targeted, incremental capital budget increases in years three to ten will be used to improve service levels in high risk locations across the City, however planning controls will play an important, and increasing role in reducing risk.

The water quality impacts of the network are also not well understood. The ongoing integrated catchment management planning work will identify targeted improvement opportunities which will assist in meeting new standards set through the Greater Wellington Regional Council whaitua process.

Significant Future Decisions

Significant future decisions are subject to the Council's 'Policy on Significance'. This is reviewed every three years with the LTP. Over the period of this strategy the council will consider the following as part of this review;

The funding and consenting impacts of water quality standards in the National Policy Statement on Freshwater Management and set through the Wellington regional plan review and whaitua processes

- The integration of land use and infrastructure development – identifying network upgrades and bringing forward renewals to support Council's growth aspirations
- Identifying and fund those localised flood protection projects required to provide flood protection to a 1 in 50 year severity event in at risk areas.

Financial Commentary

The charts that follow tell us that actual forecasted renewal costs will be less than budgeted for in the current LTP. In addition, spending fluctuates over the next 100 years with several spending spikes relating to the age and condition of the assets during that time; and most of the renewal and upgrade work is being undertaken around storm flood protection.

Infrastructure & Financial Profiles

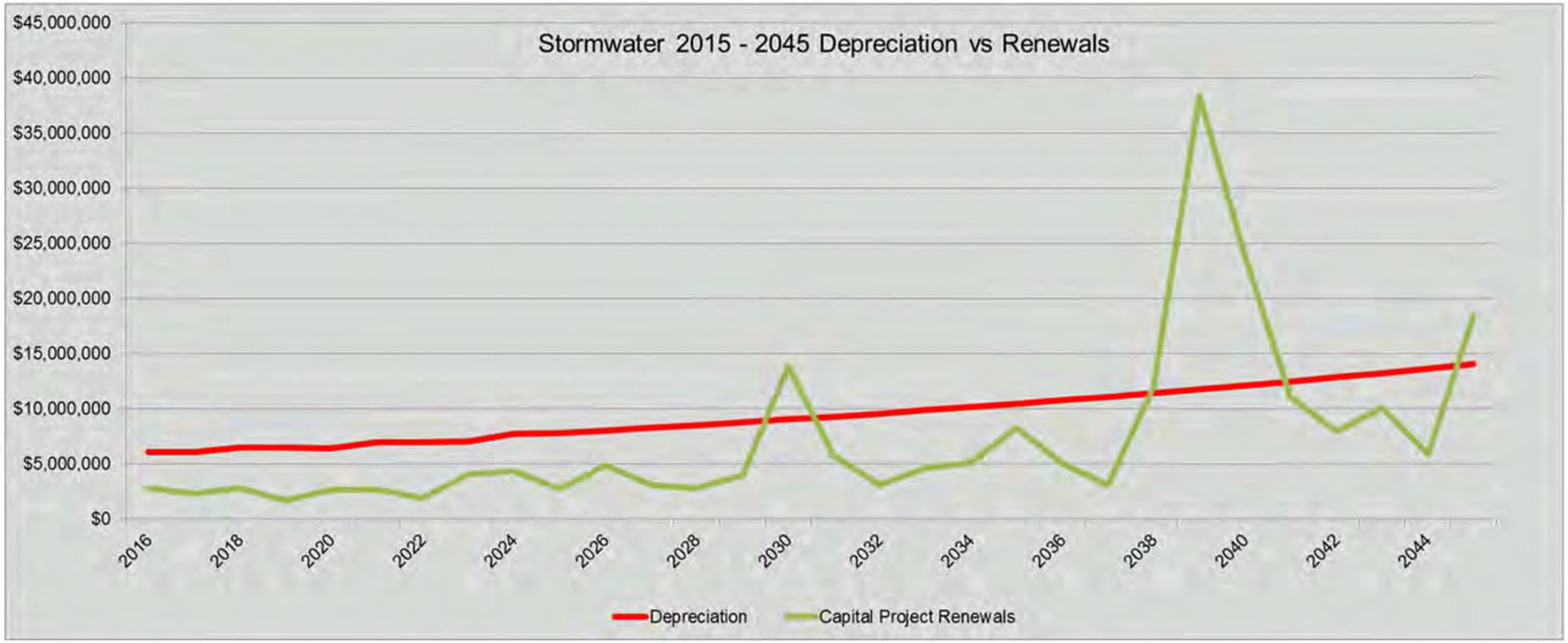
With the level of detail the Council now has at its disposal to interrogate the performance of its infrastructure assets, we can now have a high degree of confidence around that performance. The charts below clearly demonstrate the expected future financial commitments expected in each asset group.

Scenario / Service Cost

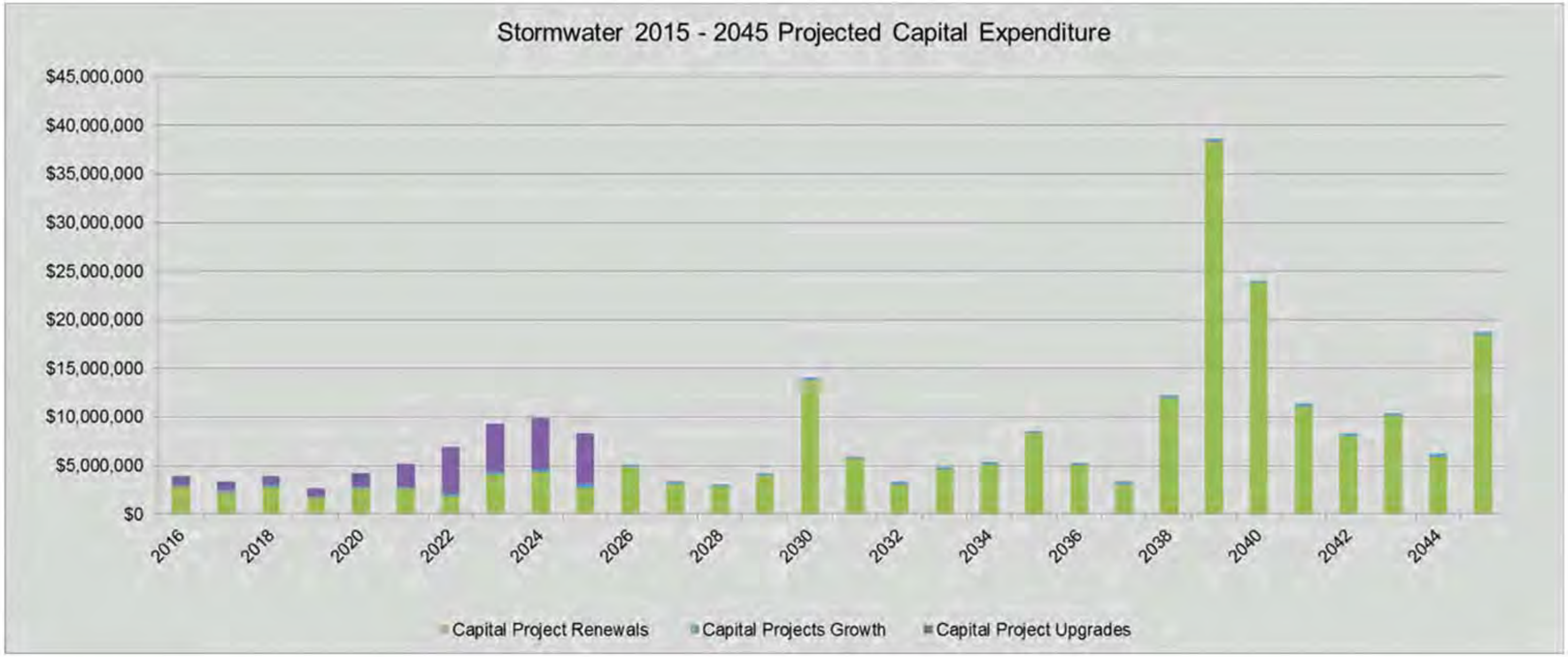
Stormwater 2015 - 2045 Financial Plan

Description	2016	2017	2018	2019 - 2025	LTP TOTAL	2026-30	2031-35	2036-40	2041-45	30 Year Finanicals
Operating expenditure	9,302,951	9,935,059	10,201,782	90,647,272	120,087,064	80,834,913	93,709,819	108,635,364	125,938,161	529,205,321
Stewardship (depreciation)	6,051,949	6,042,241	6,456,025	49,403,947	67,954,163	42,538,579	49,313,872	57,168,293	66,273,720	283,248,628
Income	(9,500)	(9,681)	(9,871)	(75,525)	(104,576)	(63,275)	(73,353)	(85,036)	(98,580)	(424,821)
Total Operating Projects	**15,345,401**	**15,967,620**	**16,647,937**	**139,975,694**	**187,936,651**	**123,310,217**	**142,950,338**	**165,718,621**	**192,113,301**	**812,029,129**
Capital Project Renewals	2,821,645	2,281,847	2,799,883	20,012,561	27,915,936	28,560,380	26,795,498	82,028,003	53,386,189	218,686,007
Capital Project Upgrades	909,476	909,560	930,978	24,881,380	27,631,394					27,631,394
Capital Projects Growth	146,588	145,891	149,366	1,558,743	2,000,589	1,094,004	1,268,250	1,470,250	1,704,423	7,537,516
Total Capital Projects	**3,877,710**	**3,337,299**	**3,880,227**	**46,452,683**	**57,547,919**	**29,654,384**	**28,063,748**	**83,498,253**	**55,090,612**	**253,854,917**
				-	-				-	-
Grand Total	**19,223,110**	**19,304,919**	**20,528,164**	**186,428,377**	**245,484,570**	**152,964,602**	**171,014,086**	**249,216,874**	**247,203,913**	**1,065,884,046**

The above table shows the projected operational and capital expenditure for the 30 years of the Stormwater activity. This is followed by the projected expenditure in subsequent 5 year periods. This excludes capital upgrades for the remaining twenty years of the thirty year plan. The upgrades from year 11 – 30 are currently unplanned and unbudgeted.



The above graph shows the projected capital renewal expenditure and depreciation funding for 30 years of the Stormwater activity. The movement in renewals reflects the age and condition of the asset and its replacement cycle.



The above shows the projected capital renewal, growth and upgrade expenditure for the 30 years of the Stormwater activity. This excludes capital upgrades for the remaining twenty years of the thirty year plan. The upgrades from year 11 – 30 are currently unplanned and unbudgeted.

WATER SUPPLY

Summary

Our water network provides the City with a cost-effective, safe and secure supply of potable water during normal conditions (on a day-to-day basis); along with supply of water during adverse conditions, such as after an earthquake or other natural disaster. The water supply network is large and complex, delivering 30 billion litres of water a year through the network. As with all our core infrastructure services, we have a large inventory of physical assets that require funding commitments for operation, renewal and development.

The Council is working with other councils in the region to agree on a level of service for the provision of water during and after a major earthquake.

Water Supply Infrastructure Profile and Level of Service

Our water supply infrastructure is in good condition and our levels of service are meeting the needs of the City. These service levels are sustainable and affordable. Our current operations, programmes and financial commitments are adequate to sustain this level of service over the immediate and medium-term (being within a 10-30 year horizon). Where low-risk assets are efficiently used to full capacity, close monitoring will occur.

Growth & Demand

While at a city-wide level we do not have a problem in meeting expected future demands on water supply, we expect to see increased demand in localised parts of the City. This will put pressure on the local network's ability to meet increased demand that will necessitate extra local storage. For example the proposed Hospital Prince of Wales reservoir proposed for construction over the 2018-25 period will cater for intensification of dwellings in the CBD.

A more detailed evaluation of future demand and the development of a strategy to adequately meet this demand are required in the future.

Major Issues & Risks

Issues / Risk	Options to address risk
Data availability and confidence	Comprehensive programme of data collection and data review.
Some areas experience low water pressure	Progressive improvements concurrent with renewals projects
Some areas do not comply with Fire Service Code of Practice	Progressive improvements concurrent with renewals projects
Reduction of water consumption and unaccounted for water	Continued education programmes, coordinated regionally by Wellington Water
Increasing demand from population and economic growth	Continue with water conservation education to free up capacity Additional local storage to respond to localised increases in demand

Issues / Risk	Options to address risk
Network resilience to earthquake risk	Continue programme of increasing seismic resilience of existing reservoirs and network. Work with Wellington Water to improve bulk network resilience. Work with District Health Board to increase storage for the Hospital Increase treated water storage with construction of the Prince of Wales reservoir
Continuity of supply during and after a seismic event	Work with other councils to agree on a LoS for provision of water during and after a major earthquake. Implement a work programme to achieve this target.

Most Likely Scenario for Service

The current level of service will be maintained and the operations and renewals programmes in place will adequately deliver this level of service sustainably over the medium and long-term. Reactive maintenance costs will be monitored closely. Efficiencies and economies of scale will be achieved from the Wellington Water merger, along with growth to match capacity and renewals requirements.

Innovation is likely to reduce renewal costs in the medium term.

Aside from some spending spikes over the next 100 years, a relatively high proportion of the spending on renewing potable water pipes will be during the next 10-30 years (with a focus in the City's northern areas). In addition, forecasted actual costs will be less than what is budgeted for in the LTP.

We will work with other councils in the region to agree on a LoS for the provision of a water supply during and after a seismic event. This will then inform a work programme to achieve this target.

Significant Future Decisions

Significant future decisions are subject to the Council's 'Policy on Significance'. This is reviewed every three years with the LTP. Over the period of this strategy the council will consider the following as part of this review;

Improvements associated with the development and maintenance of an increasingly resilient network

- The integration of land use and infrastructure development – identifying network upgrades and bringing forward renewals to support Council's growth aspirations.

Financial Commentary

The diagrams below tell us that, aside from some spending spikes over the next 100 years, a relatively high proportion of the spending on renewing potable water pipes will be during the next 10-20 years (with a focus in the City's northern areas). In addition, forecasted actual costs will be less than what is budgeted for in the LTP.

Infrastructure & Financial Profiles

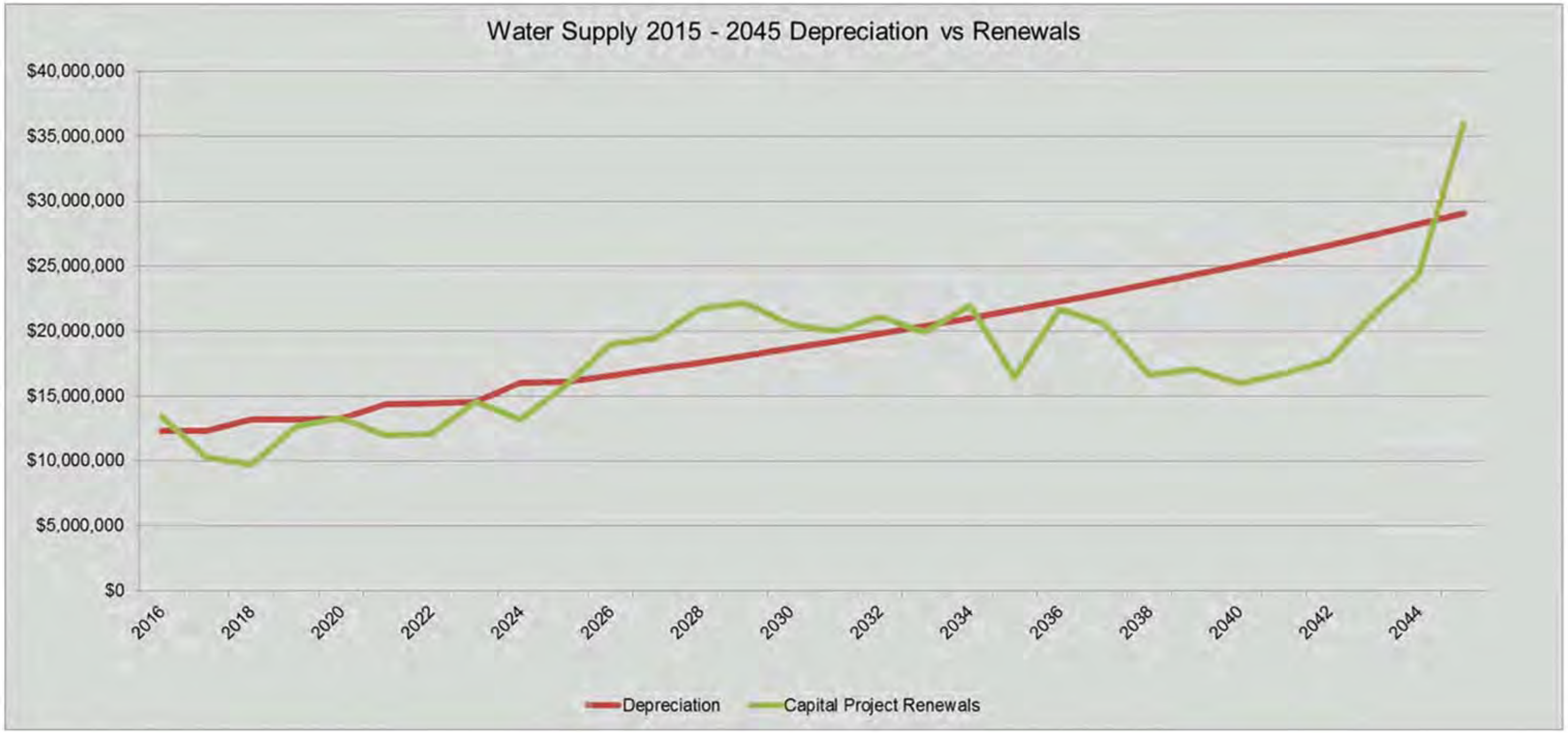
With the level of detail the Council now has at its disposal to interrogate the performance of its infrastructure assets, we can now have a high degree of confidence around that performance. The charts below clearly demonstrate the expected future financial commitments expected in each asset group.

Scenario / Service Cost

Water Supply 2015 - 2045 Financial Plan

Description	2016	2017	2018	2019 - 2025	LTP TOTAL	2026-30	2031-35	2036-40	2041-45	30 Year Finanicals
Operating expenditure	25,888,930	27,678,033	29,142,741	272,780,111	355,489,816	246,012,446	285,195,851	330,620,156	383,279,375	1,600,597,645
Stewardship [depreciation]	12,282,211	12,282,832	13,190,274	101,973,204	139,728,522	88,028,110	102,048,706	118,302,419	137,144,927	585,252,684
Income	(34,700)	(35,359)	(36,053)	(275,865)	(381,978)	(231,120)	(267,932)	(310,606)	(360,078)	(1,551,713)
Total Operating Projects	**38,136,442**	**39,925,506**	**42,296,962**	**374,477,451**	**494,836,360**	**333,809,436**	**386,976,625**	**448,611,969**	**520,064,225**	**2,184,298,616**
Capital Project Renewals	13,425,338	10,316,173	9,696,381	93,655,111	127,093,002	102,834,665	99,384,472	91,884,171	116,112,020	537,308,331
Capital Project Upgrades	3,093,264	4,325,499	5,328,162	57,761,685	70,508,610					70,508,610
Capital Projects Growth	570,980	546,936	651,211	4,600,427	6,369,554	3,483,133	4,037,906	4,681,040	5,426,608	23,998,240
Total Capital Projects	**17,089,582**	**15,188,607**	**15,675,755**	**156,017,223**	**203,971,166**	**106,317,798**	**103,422,378**	**96,565,211**	**121,538,628**	**631,815,182**
				-	-				-	-
Grand Total	**55,226,023**	**55,114,113**	**57,972,717**	**530,494,674**	**698,807,527**	**440,127,234**	**490,399,004**	**545,177,180**	**641,602,853**	**2,816,113,798**

The above table shows the projected operational and capital expenditure for 30 years of the Water Supply activity. This is followed by the projected expenditure in subsequent 5 year periods. This excludes capital upgrades for the remaining twenty years of the thirty year plan. The upgrades from year 11 – 30 are currently unplanned and unbudgeted.

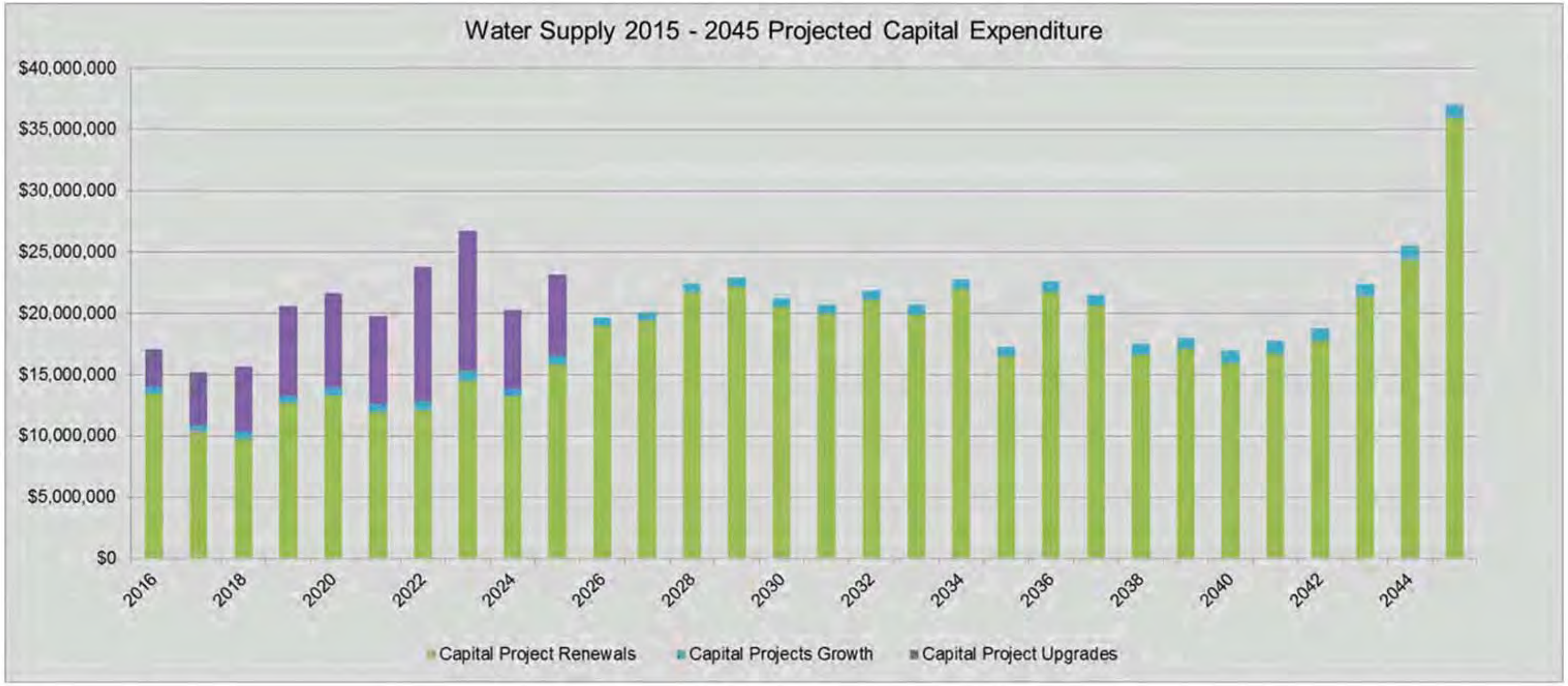


The above graph shows the projected capital renewal expenditure and depreciation funding for 30 years of the Water supply activity. The movement in renewals reflects the age and condition of the asset and its replacement cycle.

26

Absolutely Positively **Wellington** City Council
Me Heke Ki Pōneke

Item 2.2 Attachment 2



The above shows the projected capital renewal, growth and upgrade expenditure for the 30 years of the Water Supply activity. This excludes capital upgrades for the remaining twenty years of the thirty year plan. The upgrades from year 11 – 30 are currently unplanned and unbudgeted.

27

WASTEWATER

Summary

Our wastewater service is focused on providing the safe and reliable conveyance and treatment of wastewater. This incorporates the safe, efficient conveyance of wastewater from households and other properties to treatment plants and treatment that meets environmental and health standards. As with all our core infrastructure services, we have a large inventory of physical assets and therefore require funding commitments for operation, renewal and development. The wastewater network primary assets are pipes for conveyance and treatment plants. A flagship Blue-belt project focusing on inflow, infiltration and the real-time monitoring of wastewater flows is one of a number of key initiatives in the 2015-25 LTP.

Wastewater Infrastructure Profile and Levels of Service

Our wastewater infrastructure is in good condition and our levels of service are meeting the needs of the City. These service levels are sustainable and affordable. Our current operations, programmes and financial commitments are adequate to sustain this level of service over the immediate and medium-term (being within a 10-30 year horizon). Where low-risk assets are efficiently used to full capacity, close monitoring will occur. A high proportion of renewals work will be concentrated on fixing inflow and infiltration problems linked to pipe condition; a relatively high proportion of the money spent will be during the next 10-20 years.

Growth & Demand

Demand increases are likely to come from northern parts of the City over the medium (10 to 30 years) to long-term (post 30 years) with particular implications for the capacity of the Porirua wastewater treatment plant (of which council owns 27.6%). Renewals requirements will ramp up between 8 and 20 years into the future.

Major Issues & Risks

Issues / Risk	Options to address risk
Data availability and confidence	Comprehensive programme of data collection and data review.
Stormwater and groundwater ingress into the sewer network causing overflows to stormwater and water quality problems	Use new hydraulic models to target intervention in both public and private networks Install real-time monitoring system throughout network to proactively manage overflows
Effects from hydrogen sulphide on the network	Implementation of a monitoring plan and improvement works as required.
Existing network has capacity limitations	Address stormwater and groundwater ingress Progressive improvements concurrent with renewals projects Use new hydraulic models to identify trunk network deficiencies
New water quality standards and consenting requirements	Introduction of the blue-belt project focusing on inflow, infiltration and the real-time monitoring of wastewater flows to reduce the impact on water quality
Climate change impact on network	Use new hydraulic models to improve understanding of risk and timing

Absolutely Positively **Wellington** City Council
Me Heke Ki Pōneke

Item 2.2 Attachment 2

Increasing demand from population and economic growth – in particular the impact of growth from the northern suburbs on the Porirua wastewater treatment plant	Work with Porirua City to increase JV treatment plant capacity to accommodate growth in northern growth areas
Sludge disposal	Investigations are underway to develop a regional solution to sludge disposal. There is likely to be capital implications which will be included in the 2018-2021 LTP.

Most Likely Scenario for Service

The current level of service will be maintained and the operations and renewals programmes in place will adequately deliver this level of service sustainably over the medium and long-term.

Significant Future Decisions

Significant future decisions are subject to the Council's 'Policy on Significance'. This is reviewed every three years with the LTP. Over the period of this strategy the council will consider the following as part of this review;

The funding and consenting impacts of water quality standards in the National Policy Statement on Freshwater Management and set through the Wellington regional plan review and whaitua processes

- The integration of land use and infrastructure development – identifying network upgrades and bringing forward renewals to support Council's growth aspirations
- The development and maintenance of an increasingly resilient network
- The delivery model that Council wishes to employ at the end of the current Clearwater Wellington Design/Build/Operate contract in 2020 for the Moa Point and Western (Karori) wastewater treatment plants
- Options for reducing the impact of waste activated sludge on solid waste minimisation initiatives.

Financial Commentary

The detailed information we know have tell us, firstly, that forecasted actual costs over the next 100 years are very closely aligned with what is budgeted for in the LTP. It also shows that a high proportion of renewals work will be concentrated in the City's northern areas and that a relatively high proportion of the money spent will be during the next 10-20 years. Finally, all growth, upgrade, and renewal work will be focussed on safe transport of wastewater; and that spending on wastewater treatment is expected to be operational only.

Infrastructure & Financial Profiles

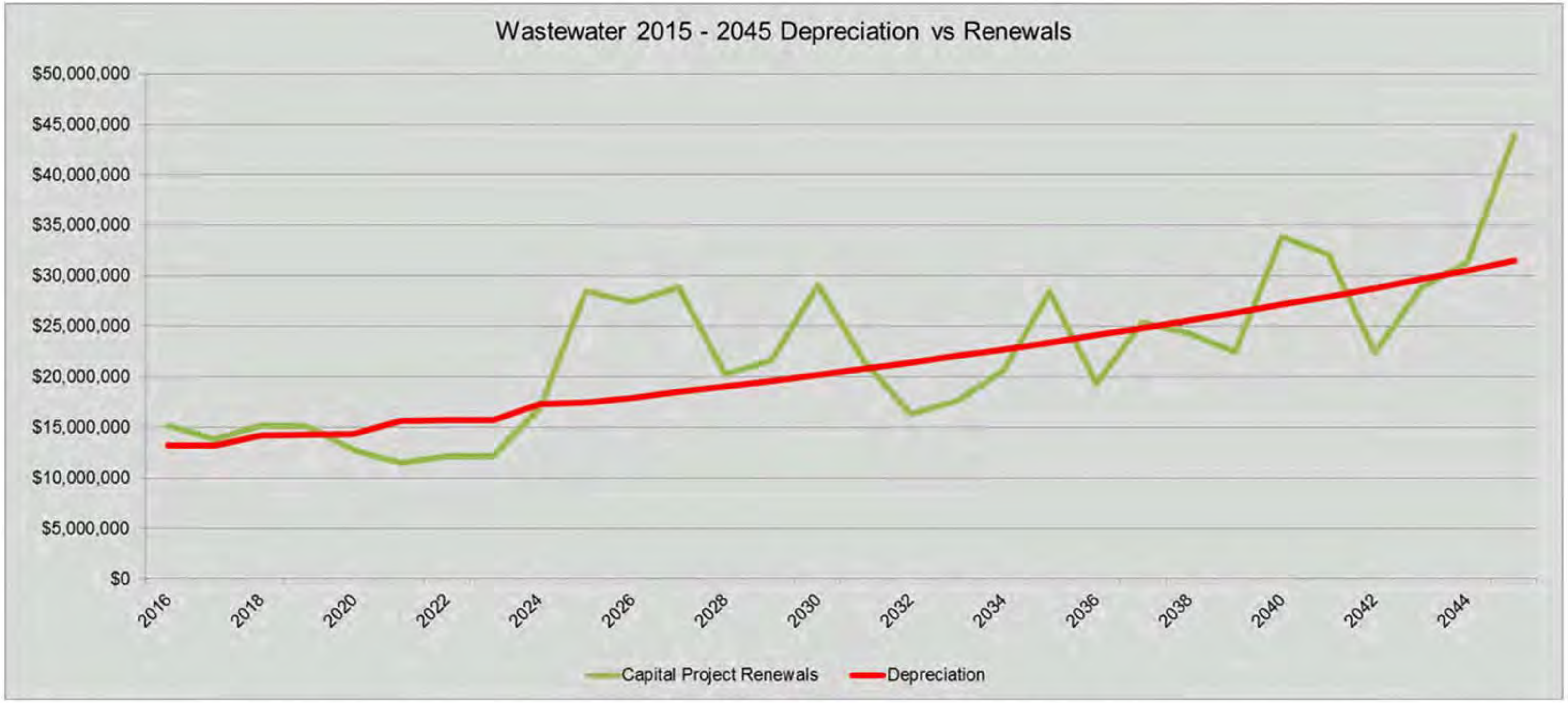
With the level of detail the Council now has at its disposal to interrogate the performance of its infrastructure assets, we can now have a high degree of confidence around that performance. The charts below clearly demonstrate the expected future financial commitments expected in each asset group.

Scenario / Service Cost

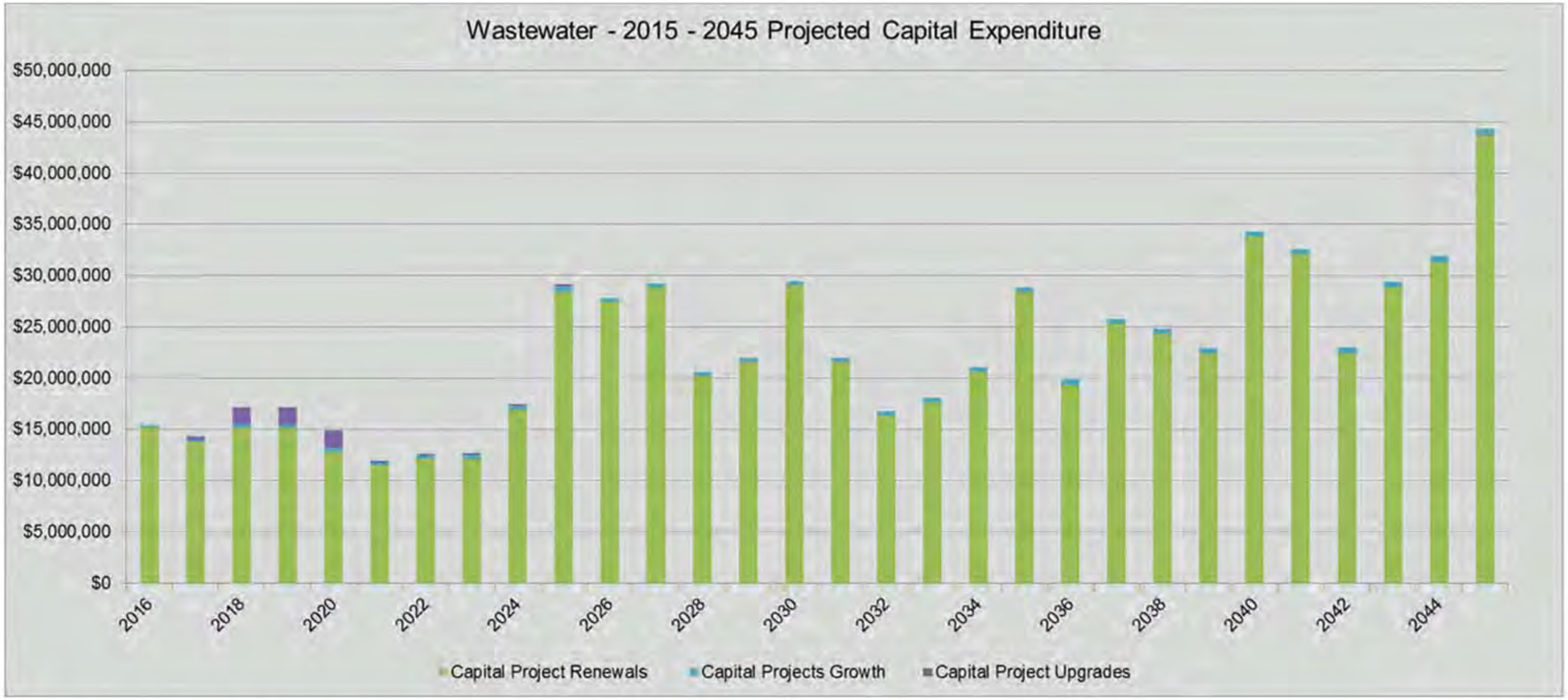
Wastewater Supply 2015 - 2045 Financial Plan

Description	2016	2017	2018	2019 - 2025	LTP TOTAL	2026-30	2031-35	2036-40	2041-45	30 Year Finanicals
Operating expenditure	28,763,399	30,228,472	31,472,372	267,604,177	358,068,421	238,516,516	276,506,013	320,546,252	371,600,960	1,565,238,163
Stewardship [depreciation]	13,230,309	13,236,029	14,210,375	110,413,575	151,090,287	95,258,791	110,431,047	128,019,850	148,410,093	633,210,069
Income	(614,900)	(626,583)	(638,881)	(4,888,458)	(6,768,823)	(4,095,558)	(4,747,874)	(5,504,087)	(6,380,746)	(27,497,089)
Total Operating Projects	**41,378,808**	**42,837,918**	**45,043,866**	**373,129,294**	**502,389,886**	**329,679,749**	**382,189,186**	**443,062,015**	**513,630,307**	**2,170,951,143**
Capital Project Renewals	15,191,316	13,801,560	15,200,415	108,995,886	153,189,177	127,176,635	104,608,358	125,255,221	158,436,070	668,665,461
Capital Project Upgrades	- 0	317,943	1,621,641	4,359,962	6,299,546					6,299,546
Capital Projects Growth	224,795	233,234	322,285	2,622,625	3,402,939	1,860,866	2,157,254	2,500,849	2,899,169	12,821,077
Total Capital Projects	**15,416,111**	**14,352,737**	**17,144,341**	**115,978,473**	**162,891,662**	**129,037,501**	**106,765,613**	**127,756,069**	**161,335,239**	**687,786,084**
				-	-				-	-
Grand Total	**56,794,919**	**57,190,654**	**62,188,207**	**489,107,767**	**665,281,548**	**458,717,251**	**488,954,799**	**570,818,084**	**674,965,546**	**2,858,737,227**

The above table shows the projected operational and capital expenditure for the 30 years of the Wastewater activity. This is followed by the projected expenditure in subsequent 5 year periods. This excludes capital upgrades for the remaining twenty years of the thirty year plan. The upgrades from year 11 – 30 are currently unplanned and unbudgeted.



The above graph shows the projected capital renewal expenditure and depreciation funding for 30 years of the Wastewater activity. The movement in renewals reflects the age and condition of the asset and its replacement cycle.



The above shows the projected capital renewal, growth and upgrade expenditure for the 30 years of the Wastewater activity. This excludes capital upgrades for the remaining twenty years of the thirty year plan. The upgrades from year 11 – 30 are currently unplanned and unbudgeted.

Social Infrastructure

Legislation does not require Council to include its Social Infrastructure in its 30 year Infrastructure Strategy.

However, as part of its broader asset management strategy Council is working towards developing similar asset management information it now holds for its network infrastructure, which it will improve further over time. This will allow Council to develop statistical modelling to inform its long term renewal work programme in its social infrastructure.

The following section summaries Councils planned responses to asset management using a similar approach to that used in the network infrastructure and includes, service profile and level of service, growth and demand assumptions, issues and risks and options to address risk. The social infrastructure included in the following section includes:

- Libraries & Community Services
- Parks and Open Spaces
- Recreation Services
- Community Health Services
- City Housing
- Corporate Property.

LIBRARIES & COMMUNITY SERVICES

Summary, Profile & Level of Service

Libraries and Community services incorporate the facilities and spaces used for library and community activities (including childcare centres and services). These facilities and services help educate, inform and bring people together; they provide a platform to deliver the activities and services that contribute to strong communities and provide for important functions within those communities. In our Community infrastructure there is under-utilisation and in some geographical areas lack of alignment between the level of service. These services are intensive in the use associated with heavy of physical assets (i.e., the properties and buildings). Currently, our levels of service are meeting the needs of the City, though in some cases demand exceeds capacity and in other areas there is under-utilisation of facilities.

Growth & Demand

Growth in services will be driven predominantly by population growth, mainly in the northern and central areas of the City. Changes in demand will be aligned with changing demographics, community expectations and the adoption of technological solutions for service provision. Aligning services with community expectations will likely determine demand growth, for example, the more technology is adopted, and the greater the demand will be for services.

Major Issues & Risks

Libraries

Issue/Risk	Options to address
Facilities not fit for purpose	Rationalise and transform the network of buildings and develop as 'hubs' to address the changing role of libraries. Work with local communities to transition parts of the current branch network to a more community-driven model for smaller libraries.
Cost of service provision. Current funding model is not sustainable	Review Funding Policy Rationalise and transform the network of buildings and develop as 'hubs' to address the changing role of libraries. Work with local communities to transition parts of the current branch network to a more community-driven model for smaller libraries.
Managing customer expectations for digital services	Continue working with aggregators and other library partners e.g. National Library to expand digital offerings.

Community Spaces

Issue/Risk	Options to address
Facilities not fit for purpose	Rationalise/divest Explore options of decoupling service from old and not fit for purpose buildings. Look at opportunity to support further devolvement to community ownership and service delivery Devolve service delivery to community groups - Partner with existing non council community venues and support service delivery through grants
Cost of direct (Council) delivery of service	Continue to devolve service delivery to community groups and support through three contracts for services – from grants Ensure support in place to assist community groups to provide effective outcomes for their local communities This includes use of technology

Most Likely Scenario for Service

In the short to medium term (5 – 10 years) Libraries' current services will grow as we face the challenge of transitioning to on-line communities while at the same time we maintain our current physical services. Over the longer term of the 30IS, under-utilisation and capacity/demand alignment may drive changes in the delivery and level of the service. In the short to medium term (5 – 10 years) current services from community spaces/assets will transition to partnership arrangements to deliver hyper-local community driven programmes and services, as well as a move to further decoupling of services from Council Owned Assets.

Significant Future Decisions

Over the period of this strategy the council will need to consider the following:

Libraries

- The number and location of physical service points
- The funding model for library service

Community Spaces

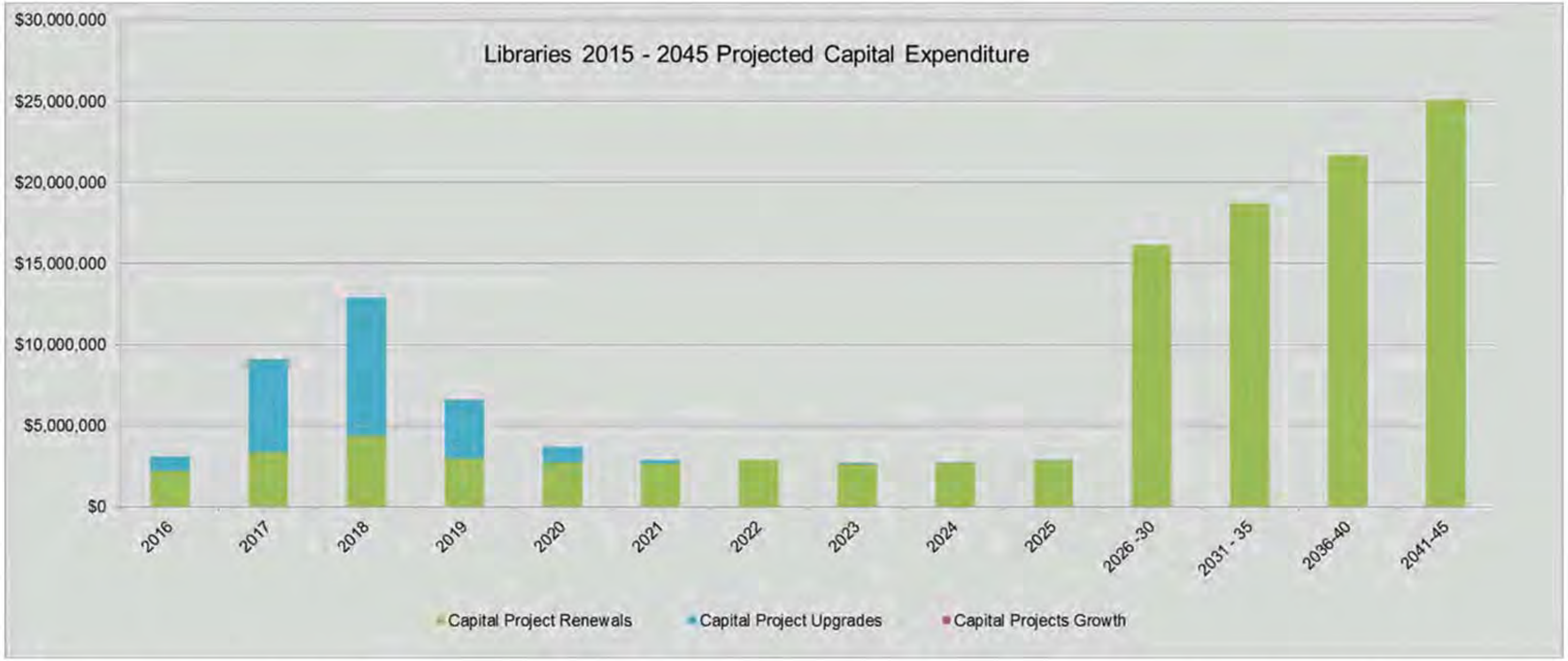
- As part of the community facilities review a number of communities have been identified for facilities upgrades.
- Earthquake assessments have identified many buildings are not fit for purpose

Scenario / Service Cost

Libraries & Community Services 2015 - 2045 Financial Plan

Description	2,016	2,017	2,018	2019 - 2025	LTP TOTAL	2026 -30	2031 - 35	2036-40	2041-45	30 Year Finanicals
Operating Projects	19,298,710	20,338,627	21,397,037	166,355,625	227,390,000	135,074,955	156,588,893	181,529,444	210,442,378	911,025,669
Stewardship [depreciation]	3,694,551	4,480,953	5,008,033	44,430,127	57,613,664	33,126,322	38,402,486	44,519,007	51,609,731	225,271,210
Income	(1,714,966)	(1,611,497)	(1,523,441)	(9,854,732)	(14,704,636)	(7,699,942)	(8,926,343)	(10,348,078)	(11,996,258)	(53,675,256)
Total Operating Projects	**21,278,296**	**23,208,083**	**24,881,629**	**200,931,020**	**270,299,027**	**160,501,335**	**186,065,037**	**215,700,373**	**250,055,850**	**1,082,621,623**
Capital Project Renewals	2,245,276	3,395,500	4,374,279	19,476,751	29,491,806	16,127,328	18,695,993	21,673,780	25,125,852	111,114,759
Capital Project Upgrades	843,920	5,709,416	8,551,982	4,978,727	20,084,045					20,084,045
Capital Projects Growth	-	-	-	-	-					-
Total Capital Projects	**3,089,196**	**9,104,916**	**12,926,261**	**24,455,478**	**49,575,851**	**16,127,328**	**18,695,993**	**21,673,780**	**25,125,852**	**131,198,804**
				-	-					-
Grand Total	**24,367,491**	**32,312,999**	**37,807,890**	**192,359,926**	**319,874,878**	**176,628,663**	**204,761,030**	**237,374,154**	**275,181,702**	**1,213,820,427**

The above table shows the projected operational and capital expenditure for the 30 years for the Library activity. This is followed by the projected expenditure in subsequent 5 year periods. This excludes capital upgrades for the remaining twenty years of the thirty year plan. The upgrades from year 11 – 30 are currently unplanned and unbudgeted.



The above shows the projected capital renewal, growth and upgrade expenditure for the 30 years of the Libraries activity. This is followed by the projected capital expenditure in subsequent 5 year period. This excludes capital upgrades for the remaining twenty years of the thirty year plan. The upgrades from year 11 – 30 are currently unplanned and unbudgeted.

PARKS & OPEN SPACES

Summary, Profile & Level of Service

Our parks and open spaces provide year-round opportunities for residents and visitors to access open space, recreation and natural areas. The service comprises open spaces, botanic gardens, outdoor public arts, memorials, and playgrounds. Open spaces are managed in a ways that balance conservation and enhancement with opportunities for enjoyment and recreation.. Playgrounds give families and young people safe, accessible and convenient places to play; whilst our public arts and memorials make a significant contribution to the quality of public space and are often colourful expressions of the City's creativity.

Our Parks and Open Spaces are in good condition and our levels of service are meeting the needs of the city. The provision of open spaces is also supported by a strong network of volunteers, who advocate for and help maintain these areas. While in general levels of service are currently being met there are instances where this is not the case.

Growth & Demand

Growth in the service is driven by increases in urban development and improvement along with an increase in reserve estate assets though subdivision growth. Growth and also demand, is also influenced by recreational trends, for example dog exercise areas, walking and mountain biking. Changing demographics will also influence how our customers will use the parks and open spaces and how we will respond to those needs, for example providing opportunities for an aging population to access and enjoy the natural areas. Growth and demand, such as increasing public expectations for access, puts pressure on levels of service.

Major Issues & Risks

Issues / Risk	Options to address risk
Growing asset base due to development	Plan for development areas to ensure levels of service are maintained Reduce levels of service
Intensified use of open space due to urban intensification and population growth	Adapt spaces; prioritise use and service to respond to intensified use.
Climate change and weather events	Improve understanding of risks and timing. Target improvements to key open space land and infrastructure
Changes in recreation trends	Engage with and understand our stakeholders to ensure we plan for current and future trends and patterns

Most Likely Scenario for Service

Due to development, growth in the use of existing network and our land asset base will mean we need to ensure we manage operational funding levels to maintain the current levels of service. We also need to ensure that we have the ability to respond to effects of climate change, especially in coastal areas and as a result of storm events.

Significant Future Decisions

Over the period of this strategy the council will need to consider the following;

- The development and maintenance of an increasingly resilient network
- Continuing investment in maintain and improving biodiversity
- Ensuing the existing resources are managed in response to intensified use and changing demographics
- Flexibility to respond to demographic and recreational changes.

Financial Commentary

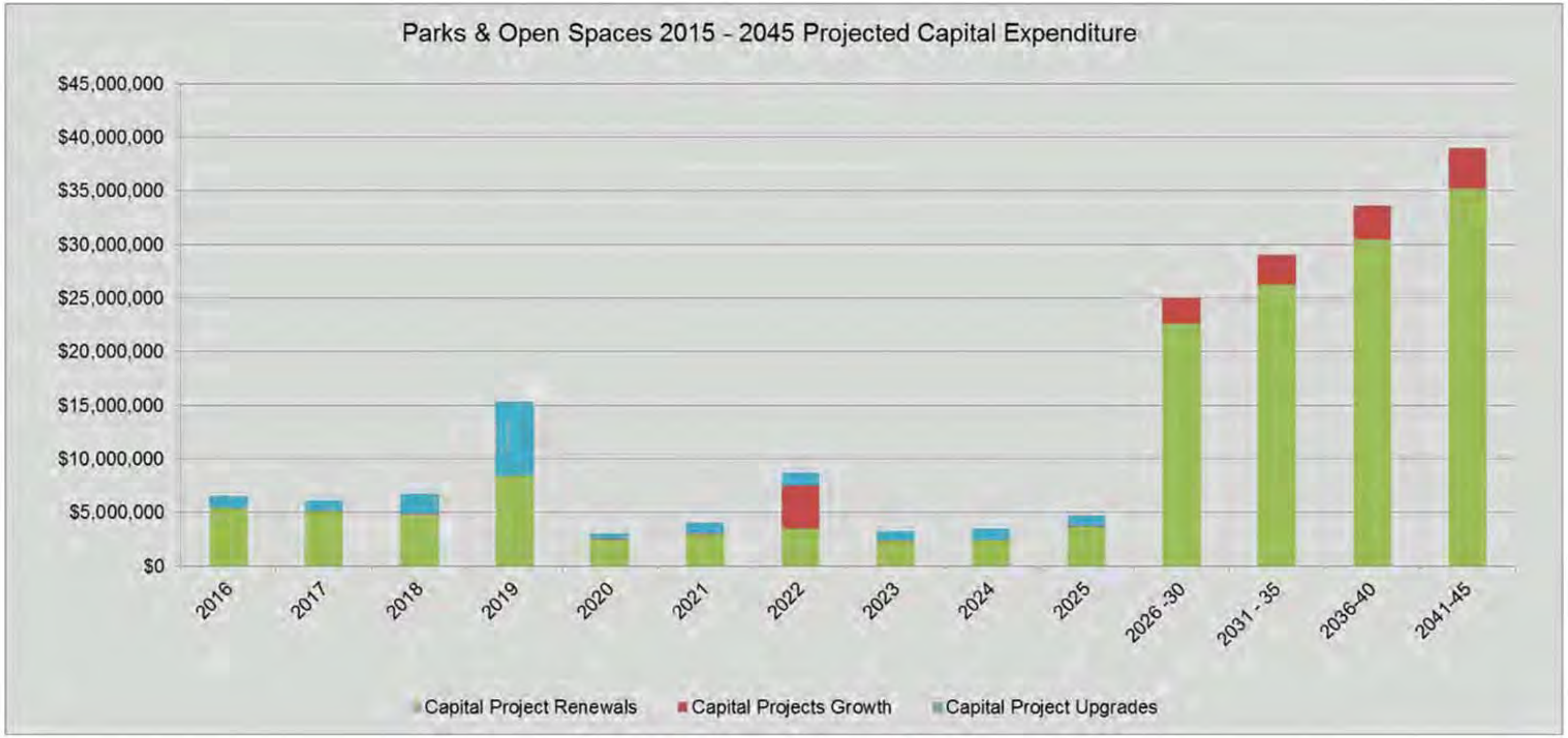
The renewals programme for this service is based on the National Asset Management Steering Group (NAMS) industry standards combined with the Councils specific growth, demand and environmental factors. The operation, maintenance and renewal of this service is relatively predictable and the Council will continue to implement optimised asset lifecycles to meet legislative and level of service requirements. The short to medium term capital investment in the parks and open spaces will be partially funded by the Charles Plimmer Bequest; this includes the Botanic Gardens Children's Garden, the proposed heritage park on Watts Peninsula and various open space upgrades. A corresponding operation and maintenance programme has been funded mid to long term to ensure the future growth of the asset base through new subdivisions and reserves agreements is managed, with provision to support to the increasing parks and open space volunteer base.

Scenario / Service Cost

Parks and Open Spaces 2015 - 2045 Financial Plan

Description	2,016	2,017	2,018	2019 - 2025	LTP TOTAL	2026 - 30	2031 - 35	2036-40	2041-45	30 Year Finanicals
Operating expenditure	18,487,091	18,861,259	19,571,952	161,054,446	217,974,748	137,905,152	159,869,868	185,332,993	214,851,734	915,934,495
Stewardship [depreciation]	4,213,954	4,205,038	4,270,582	31,083,039	43,772,613	26,383,611	30,585,836	35,457,367	41,104,806	177,304,233
Income	(537,268)	(547,476)	(558,221)	(4,271,281)	(5,914,246)	(3,578,486)	(4,148,446)	(4,809,186)	(5,575,165)	(24,025,529)
Total Operating Projects	**22,163,777**	**22,518,821**	**23,284,313**	**187,866,205**	**255,833,115**	**160,710,277**	**186,307,258**	**215,981,174**	**250,381,375**	**1,069,213,198**
Capital Project Renewals	5,377,560	5,078,205	4,850,478	25,724,239	41,030,482	22,628,246	26,232,339	30,410,470	35,254,070	155,555,606
Capital Project Upgrades	1,096,445	1,036,539	1,905,342	12,581,271	16,619,597					16,619,597
Capital Projects Growth	34,332	35,178	36,062	4,284,212	4,389,784	2,400,514	2,782,853	3,226,089	3,739,922	16,539,162
Total Capital Projects	**6,508,337**	**6,149,922**	**6,791,881**	**42,589,721**	**62,039,862**	**25,028,759**	**29,015,192**	**33,636,560**	**38,993,992**	**188,714,364**
				-	-					-
Grand Total	**28,672,114**	**28,668,743**	**30,076,194**	**230,455,926**	**317,872,977**	**185,739,036**	**215,322,449**	**249,617,733**	**289,375,367**	**1,257,927,562**

The above table shows the projected operational and capital expenditure for the 30 years for the Parks and Open Spaces activity. This is followed by the projected expenditure in subsequent 5 year periods. This excludes capital upgrades for the remaining twenty years of the thirty year plan. The upgrades from year 11 – 30 are currently unplanned and unbudgeted.



The above shows the projected capital renewal, growth and upgrade expenditure for the 30 years of the Parks and Open Spaces activity. This is followed by the projected capital expenditure in subsequent 5 year period. This excludes capital upgrades for the remaining twenty years of the thirty year plan. The upgrades from year 11 – 30 are currently unplanned and unbudgeted.

RECREATION SERVICES

Summary, Profile & Level of Service

Recreation services, comprising swimming pools, recreation centres, sports-fields and marinas, provide a wide variety of accessible recreation opportunities throughout the City to enhance and encourage health, well-being and quality of life. By providing a range of recreation facilities we also attract visitors, raise the City's profile and provide economic benefit by hosting national and international events.

Currently, our levels of service are meeting the needs of the City, though in some cases demand exceeds capacity, such as peak time availability of sportsfields training spaces, and in other areas there is under-utilisation of services, for example day time use of some facilities, such as recreation centres and swimming pools. The physical asset inventory used to provision recreation is generally in good condition, and we will continue to optimise the investment we have made in assets to provide sustainable networks of facilities. This includes ensuring we respond and plan accordingly where operational costs for assets are rising, such as for natural turf sportsfields, and also consider future options for unviable assets.

Growth & Demand

Service growth will broadly be driven by population growth and demographic changes in areas of the City. Overall service growth is expected to be modest and in-line with moderate changes over time in population and demographics. Demand changes for recreation services can be more challenging to understand as they are driven by changing leisure and recreational trends which can include the demand for casual and informal sporting and recreational activities. Changing demographics will also influence how our customers will use recreation services and how we will respond to those needs, for example providing recreational opportunities for an active aging population. Increasing community and elite sport expectations also puts pressure on levels of service.

Major Issues & Risks

Issues / Risk	Options to address risk
Impact on the sportsfield network and facilities from NZTA projects e.g. SH1 Ruahine Street Airport Corridor (Kilbirnie Park, Hataitai Park), and Petone/Grenada Link Road (Grenada North Park)	Work with NZTA to continue to provide a sustainable network of sportsfield facilities
Viability and purpose of some facilities and services	Explore and implement long term sustainable options for facilities and services
Increasing and changing demands from customers and stakeholders including increasing expectations from community and elite sports	Work closely with customers and stakeholders and ensure planning is undertaken in a regional context where appropriate
Utilisation and revenue of recreation services	Ensure we maintain utilisation and revenue through the provision of relevant and attractive facilities to customers
Climate change impact on marinas	Target improvements to infrastructure
Built recreation network resilience to earthquake risk	Continuous network resilience improvements, prioritised and aligned with 5 yearly maintenance closures

Most Likely Scenario for Service

In general, the short to medium-term current service levels will be maintained, with some longer term decisions around viability of assets and variations to service required. Decisions about utilisation, capacity and requirements for further investment in some services may provide for variations in service levels over the medium to long-term.

Significant Future Decisions

Over the period of this strategy the council will need to consider the following;

- The development and maintenance of an increasingly resilient network
- Continuing investment in maintain and improving revenue and utilisation
- Ensuing the existing resources are managed in response to changing recreational trends and uses.

Financial Commentary

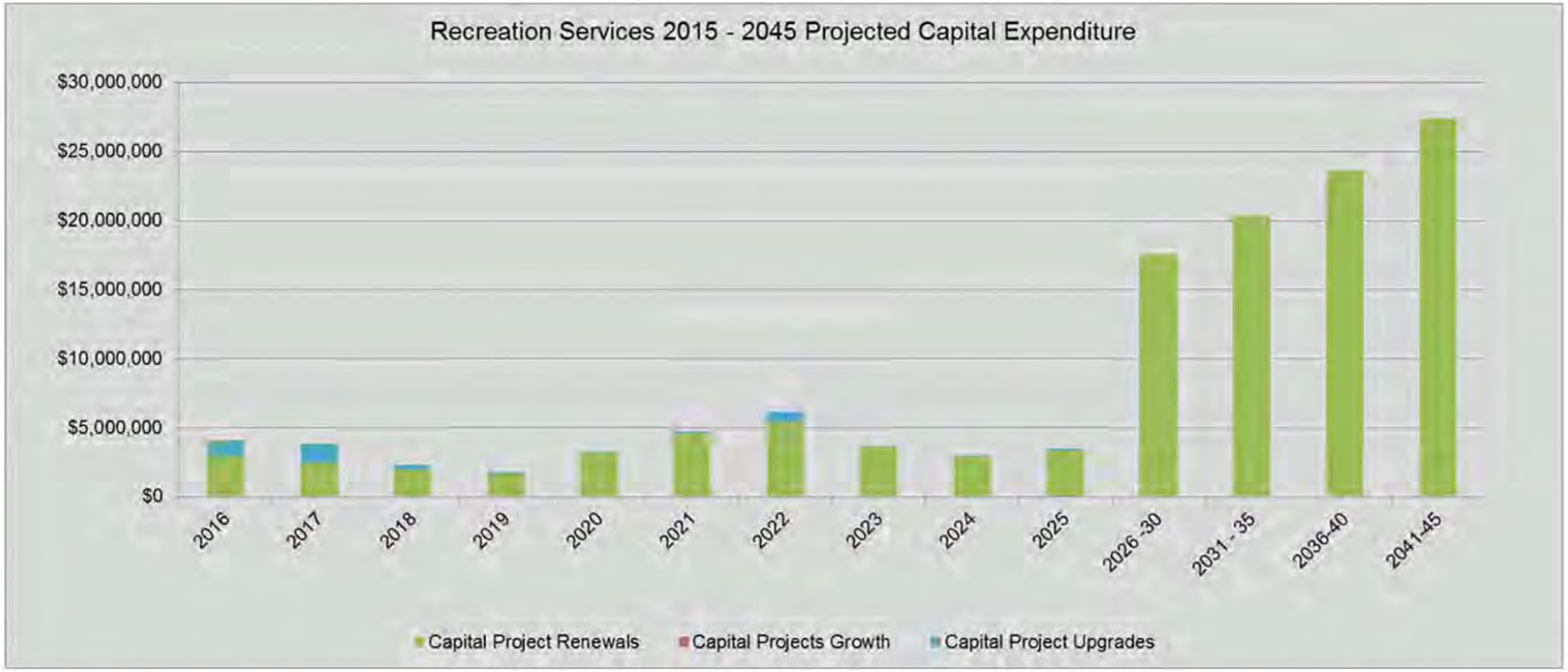
The renewals programme for this service is based on the National Asset Management Steering Group (NAMS) industry standards combined with the Councils specific growth, demand and environmental factors. The operation, maintenance and renewal of this service is relatively predictable and the Council will continue to implement optimised asset lifecycles to meet legislative and level of service requirements. The capital investment programme in the sportsfields network will be subject to ongoing regional planning requirements, with a corresponding operation and maintenance programme required to ensure the lifecycle of these capital investments are optimised. Implementing long term sustainable options for facilities providing this service will include exploring other options for use based on growth and demand in leisure and recreational activities.

Scenario / Service Cost

Recreation Services 2015 - 2045 Financial Plan

Description	2,016	2,017	2,018	2019 - 2025	LTP TOTAL	2026 - 30	2031 - 35	2036-40	2041-45	30 Year Finanicals
Operating expenditure	28,940,826	29,798,242	30,662,180	233,782,442	323,183,690	192,518,404	223,181,594	258,728,636	299,937,400	1,297,549,723
Stewardship [depreciation]	6,865,040	6,899,655	6,359,585	44,143,806	64,268,086	36,779,312	42,637,303	49,428,320	57,300,970	250,413,993
Income	(11,481,303)	(11,780,360)	(11,933,812)	(91,580,590)	(126,776,065)	(77,476,639)	(89,816,659)	(104,122,125)	(120,706,080)	(518,897,568)
Total Operating Projects	**24,324,563**	**24,917,537**	**25,087,953**	**186,345,658**	**260,675,711**	**151,821,077**	**176,002,238**	**204,034,832**	**236,532,290**	**1,029,066,148**
Capital Project Renewals	2,967,628	2,407,950	1,976,078	24,811,072	32,162,728	17,587,898	20,389,194	23,636,664	27,401,372	121,177,857
Capital Project Upgrades	1,126,203	1,465,862	325,381	1,316,462	4,233,908					4,233,908
Capital Projects Growth	-	-	-	-	-	-	-	-	-	-
Total Capital Projects	**4,093,832**	**3,873,812**	**2,301,459**	**26,127,534**	**36,396,637**	**17,587,898**	**20,389,194**	**23,636,664**	**27,401,372**	**125,411,765**
				-	-					-
Grand Total	**28,418,395**	**28,791,349**	**27,389,412**	**212,473,192**	**297,072,348**	**169,408,975**	**196,391,432**	**227,671,496**	**263,933,662**	**1,154,477,913**

The above table shows the projected operational and capital expenditure for the 30 years of the Recreation Services activity. This is followed by the projected expenditure in subsequent 5 year periods. This excludes capital upgrades for the remaining twenty years of the thirty year plan. The upgrades from year 11 – 30 are currently unplanned and unbudgeted.



The above shows the projected capital renewal, growth and upgrade expenditure for the 30 years of the Recreation Services activity. This is followed by the projected capital expenditure in subsequent 5 year period. This excludes capital upgrades for the remaining twenty years of the thirty year plan. The upgrades from year 11 – 30 are currently unplanned and unbudgeted.

COMMUNITY HEALTH SERVICES

Summary, Profile & Level of Service

Community Health services support the health and safety of the City's communities and also provide for dignified bereavement and resting places. The service comprises public toilets and pavilions, cemeteries and crematorium services. By providing these services the Council meets its legislative and policy obligations (e.g. Local Government Act (2002) and the Assessment of Water and Sanitary Services (2005) Policy) and reduces public health and environmental risks.

Our public toilets infrastructure currently provides a level of service that is adequate for the City. To ensure the Council continues to meet its legislative requirements (Burial and Cremation Act 1964 – Part 1; section 4) it will continue to invest in cemetery infrastructure to ensure future development requirements are achievable.

Growth & Demand

Growth in public toilets, burial and cremation services is closely linked to population, demographic changes and urban growth, it is expected that service growth will closely match these changes. Demand for particular services can be influenced by changes in trends, for example more people choosing to be cremated, with the public toilet network responding to meet the configuration and growth of the city. Growth and demand, such as increasing public expectations for access, puts pressure on levels of service.

Major Issues & Risks

Issues / Risk	Options to address risk
Cemeteries that will reach capacity in the medium-term of our 30 year horizon	Makara Cemetery will be required to expand into available flat land to continue to meet the demand for burials. Invest in infrastructure upgrades at Makara Cemetery to ensure future development requirements are achievable.
Cremation services infrastructure that has reached the end of its service life	We are undertaking a business case to re-invest in crematorium plant examining the return on investment, impact on our funding policy, and key risks and benefits to retaining this level of service. Private provision of service

Most Likely Scenario for Service

Current public toilet levels of service will be maintained, though urban growth and intensification will put pressure on maintaining this level of service over the medium-term. Burials and cremations infrastructure requires development and renewal to achieve a level of service that meets legislative requirements and community expectations.

Significant Future Decisions

Over the period of this strategy the council will need to consider the following;

- The development and maintenance of an increasingly resilient network
- Continuing investment to ensure legislative requirements are met
- Ensuing the existing resources are managed in response to intensified use and changing demographics.

Financial Commentary

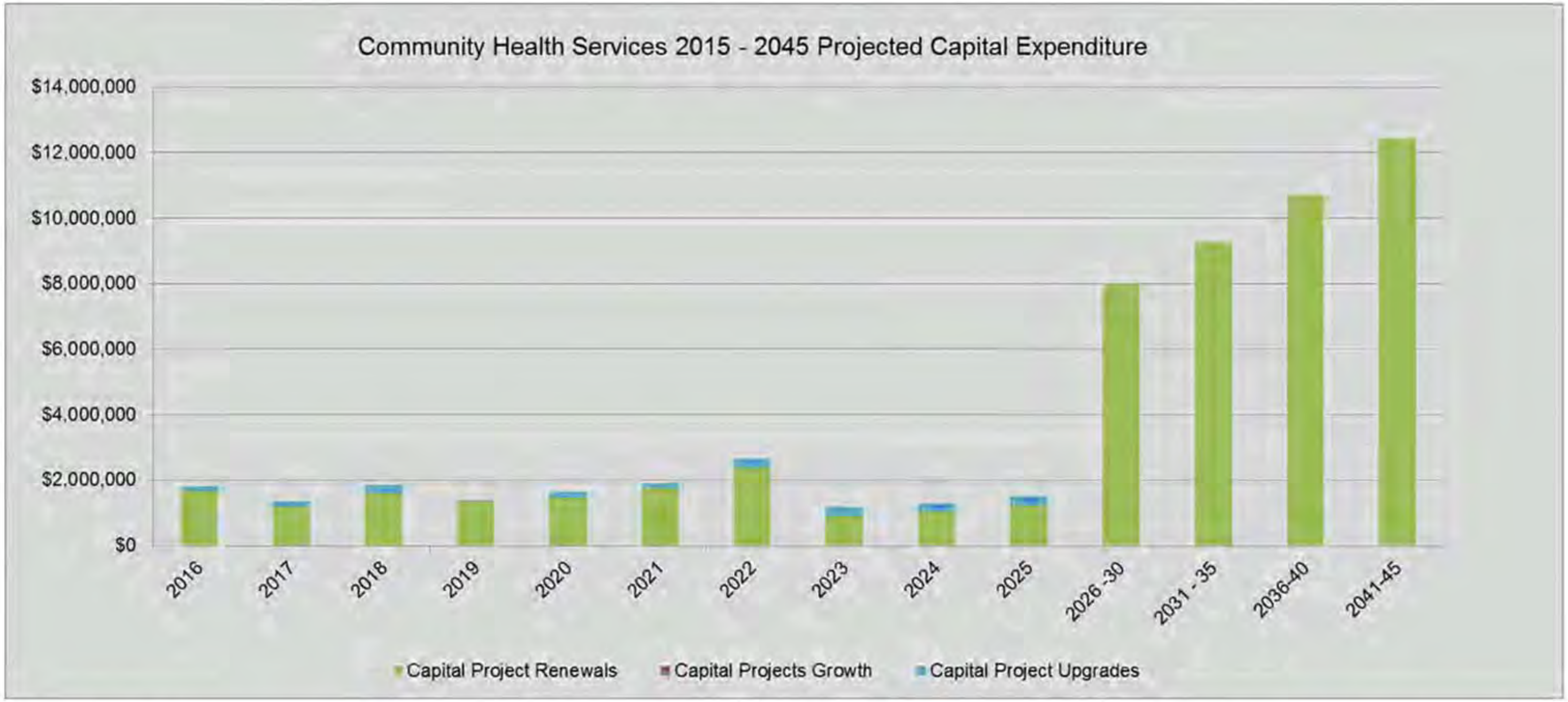
The renewals programme for this service is based on the National Asset Management Steering Group (NAMS) industry standards combined with the Councils specific growth, demand and environmental factors. The operation, maintenance and renewal of this service is relatively predictable and the Council will continue to implement optimised asset lifecycles to meet legislative and level of service requirements. The capital reinvestment in the crematorium plant is subject to the approval of the business case and the result will be reflected in the LTP. The capital investment required for the future development of Makara Cemetery will be informed by the survey and geotechnical assessments of the undeveloped land prior to the 2018/19 LTP.

Scenario / Service Cost

Community Health Services 2015 - 2045 Financial Plan

Description	2,016	2,017	2,018	2019 - 2025	LTP TOTAL	2026 -30	2031 - 35	2036-40	2041-45	30 Year Finanicals
Operating expenditure	3,850,124	3,922,509	4,227,185	32,587,538	44,587,356	27,795,747	32,222,888	37,355,159	43,304,868	185,266,018
Stewardship [depreciation]	640,326	710,103	750,051	6,938,689	9,039,169	6,780,144	7,860,045	9,111,947	10,563,243	43,354,548
Income	(800,396)	(855,523)	(872,314)	(6,674,590)	(9,202,824)	(5,591,983)	(6,482,641)	(7,515,157)	(8,712,127)	(37,504,731)
Total Operating Projects	**3,690,054**	**3,777,089**	**4,104,922**	**32,851,637**	**44,423,701**	**28,983,908**	**33,600,293**	**38,951,949**	**45,155,984**	**191,115,835**
Capital Project Renewals	1,677,095	1,190,541	1,589,117	10,116,198	14,572,951	7,969,087	9,238,356	10,709,787	12,415,578	54,905,759
Capital Project Upgrades	110,480	150,991	252,935	1,448,926	1,963,332					1,963,332
Capital Projects Growth	-	-	-	-	-	-	-	-	-	-
Total Capital Projects	**1,787,575**	**1,341,532**	**1,842,052**	**11,565,125**	**16,536,284**	**7,969,087**	**9,238,356**	**10,709,787**	**12,415,578**	**56,869,092**
				-	-					-
Grand Total	**5,477,629**	**5,118,621**	**5,946,974**	**44,416,761**	**60,959,985**	**36,952,995**	**42,838,649**	**49,661,735**	**57,571,562**	**247,984,927**

The above table shows the projected operational and capital expenditure for the 30 years of the Community Health activity. This is followed by the projected expenditure in subsequent 5 year periods. This excludes capital upgrades for the remaining twenty years of the thirty year plan. The upgrades from year 11 – 30 are currently unplanned and unbudgeted.



The above shows the projected capital renewal, growth and upgrade expenditure for the 30 years of the Community Health Service activity. This is followed by the projected capital expenditure in subsequent 5 year period. This excludes capital upgrades for the remaining twenty years of the thirty year plan. The upgrades from year 11 – 30 are currently unplanned and unbudgeted.

CITY HOUSING

Summary, Profile & Level of Service

Our social housing serves to ensure that basic housing needs are met for people who face barriers in accessing affordable and appropriate housing; and to enable and empower people, where possible, to make changes in their lives. This is carried out through provision of the housing assets, tenancy management services and community development. At current levels of provision we experience an excess of demand for social housing services over supply.

Approximately 40% of the social housing infrastructure has been upgraded within the last 5 years, another 10% will be completed by 2016 and there are plans for the remainder to be completed by 2027. Maintenance and renewals programmes are keeping the remainder of the portfolio in a reasonable standard of repair although poor condition data means we may be currently under or over investing in these programmes.

Growth & Demand

Social housing need is driven by population growth, coupled with income levels and access to appropriate and affordable housing by vulnerable households. Demographic changes, along with household composition changes will require modifications to the types of properties offered by the service.

The form and location of Wellington City Council's housing assets is largely based on decisions taken in the 1960s and 1970s. Our stock is therefore predominantly single person accommodation located in high density high-rise apartment blocks. Many units are in areas where Housing New Zealand Corporation also has a significant presence. Having a high density of social housing in a suburb brings social and community development challenges. Future demand for social housing needs to be better understood in order to plan for service changes.

Major Issues & Risks

Issue / Risk	Options to address risk
Capital tied up in poor performing assets and cash-flow considerations	• • Develop and gain approval for a divestment and investment strategy that targets poor performing assets • Initiate divestment and reinvestment programme in 2015/16 • Develop and apply property performance data collection tools and systems.
Lack of future capital to fund growth	• Government housing policy is now firmly focused on growing the third sector, so it is unlikely that Wellington City Council will itself receive any direct Crown assistance the foreseeable future; • Explore new capital funding and other opportunities for Wellington city and its housing partners to grow the quantum of social housing in Wellington • Use any surpluses to fund housing renewal activity.
Upgraded properties offering a higher level of service than non-upgraded properties	• Completion of asset and condition data to enable accurate future projection of maintenance costs • Review of Business Model to enable sustainable delivery of service
Ability to deliver key community development programmes constrained	• Review of Business Model to enable sustainable delivery of service
Affordability issues for some service users.	• Review of Social Housing Policy including : • Policy for rent setting • Reviewing options for service user access to government subsidy • Progressing access to IRR

Most Likely Scenario for Service

The service suffers from a cash-flow issue which puts the tenancy management and community development service levels and reinvestment in the portfolio at risk. Funding constraints and cost escalations mean that levels of service for the social housing asset will continue to fall short of meeting the needs of the City. The long term sustainability of the social housing service requires a reassessment of the existing business model, which is underway.

Significant Future Decisions

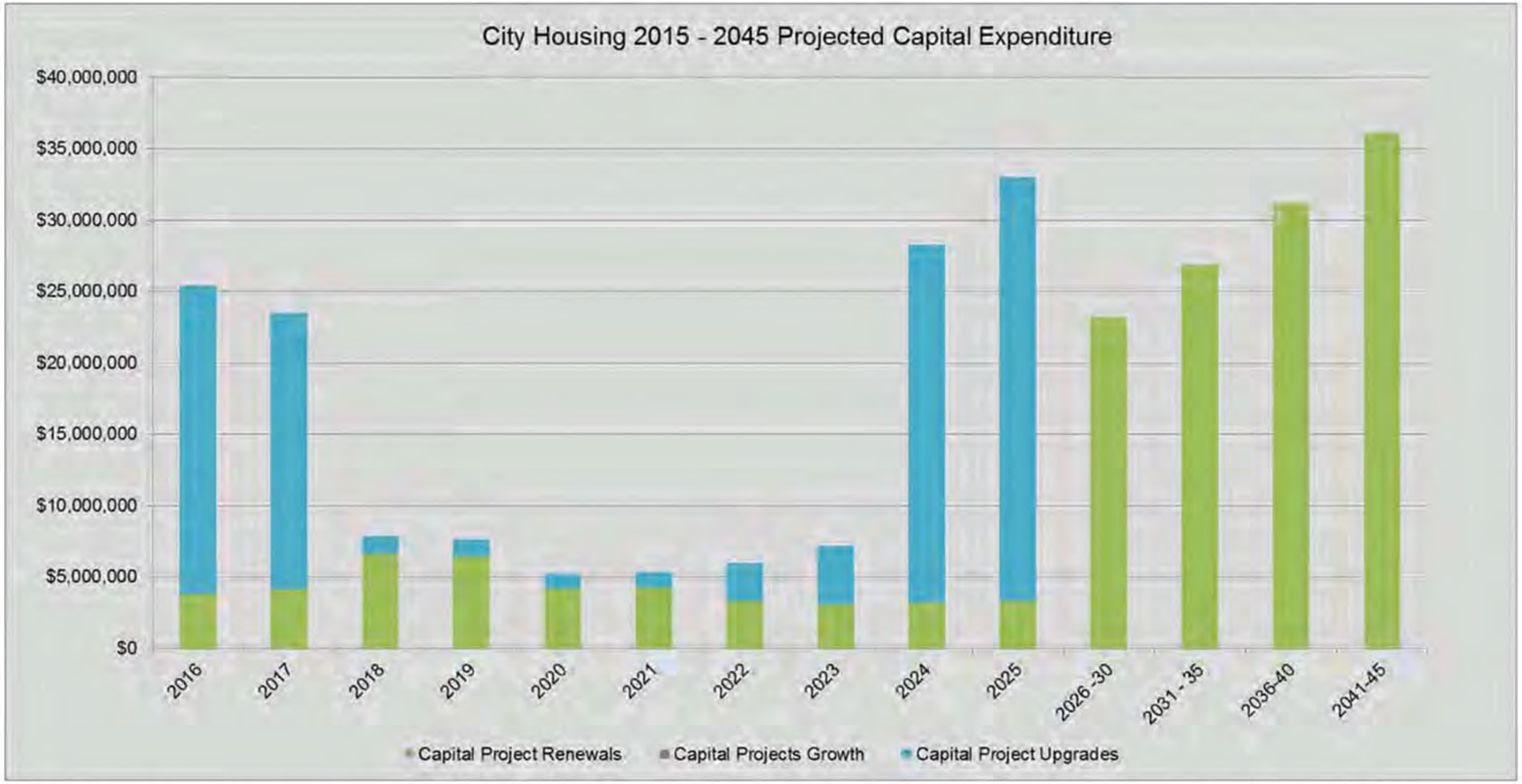
- The impact of changes to the delivery of State housing and to the sector through the Government's Social Housing Reform programme
- The future of the social housing service after the Deed of Grant agreement with the Crown expires in 2037.

Scenario / Service Cost

City Housing 2015 - 2045 Financial Plan

Description	2,016	2,017	2,018	2019 - 2025	LTP TOTAL	2026 -30	2031 - 35	2036-40	2041-45	30 Year Finanicals
Operating expenditure	13,963,330	13,682,590	14,277,003	110,864,490	152,787,413	104,169,330	(44,014,316)	(51,024,655)	(59,151,560)	102,766,212
Stewardship [depreciation]	11,614,076	11,918,830	12,580,102	94,646,000	130,759,009	82,289,632	95,396,237	110,590,384	128,204,565	547,239,827
Income	(43,271,356)	(41,102,185)	(25,457,979)	(177,669,058)	(287,500,578)	(143,279,398)	(1,324,972)	(1,536,006)	(1,780,652)	(435,421,605)
Total Operating Projects	**(17,693,950)**	**(15,500,765)**	**1,399,127**	**27,841,431**	**(3,954,156)**	**43,179,564**	**50,056,949**	**58,029,723**	**67,272,354**	**214,584,434**
Capital Project Renewals	3,825,841	4,151,085	6,626,141	27,838,533	42,441,600	23,208,806	26,905,368	31,190,695	36,158,564	159,905,034
Capital Project Upgrades / Growth	21,595,276	19,340,971	1,249,751	64,897,864	107,083,861	0	0	0	0	107,083,861
Capital Projects Growth	-	-	-	-	-	-	-	-	-	-
Total Capital Projects	**25,421,117**	**23,492,055**	**7,875,892**	**92,736,397**	**149,525,461**	**23,208,806**	**26,905,368**	**31,190,695**	**36,158,564**	**266,988,895**
Grand Total	**7,727,167**	**7,991,291**	**9,275,019**	**120,577,828**	**145,571,305**	**66,388,371**	**76,962,317**	**89,220,419**	**103,430,918**	**481,573,329**

The above table shows the projected operational and capital expenditure for the 30 years of the City Housing activity. This is followed by the projected expenditure in subsequent 5 year periods. This excludes capital upgrades for the remaining twenty years of the thirty year plan. The upgrades from year 11 – 30 are currently unplanned and unbudgeted.



The above shows the projected capital renewal, growth and upgrade expenditure for the 30 years of the City Housing activity. This is followed by the projected capital expenditure in subsequent 5 year period. This excludes capital upgrades for the remaining twenty years of the thirty year plan. The upgrades from year 11 – 30 are currently unplanned and unbudgeted.

53

PROPERTY AND CORPORATE ASSETS

Summary, Profile & Level of Service

Providing property management services to ensure Council's civic and commercial buildings are safe, compliant and fit for purpose for occupants and users. This function is delivered by the property management and advisory functions with support from contract management services. Our current levels of service are broadly meeting the needs of users, however this becomes increasingly challenging with aging properties and the changing legislative and compliance requirements.

The corporate assets portfolio includes IT infrastructure systems, fleet, security and a range of other minor capital items.

Growth & Demand

Growth in Corporate Property services is primarily driven by changes in Council's own strategies and property requirements; this would usually relate to changing accommodation requirements for business units and CCO services. Possible areas of service growth include incorporating Wellington Waterfront assets into the portfolio and any integration of Council functions across the region.

Major Issues & Risks

Issue / Risk	Options to address risk
Asset condition data collection and analysis needs to improve to support asset management decision making	The Council's new strategic asset management unit will provide increased data assessment and asset management capability for our assets. This will assist Corporate Property to determine how best to utilise and maintain its assets and optimise the delivery of the Corporate Property service.
Current workplace is dated and does not support contemporary working or the Council's need for a flexible, mobile, future-focused working environment	The Workplace Project is part of the wider Civic Precinct Development Project, its key objectives are to: - Modernise our workplace to increase flexibility and improve collaboration; - Reduce the total floor space we occupy in the Civic Campus; and - Assess whether there are any consequential development opportunities for the Administration Buildings
Legislative and compliance changes that will likely have a significant impact on risk profiles and health and safety processes	A full legal and procedures review is required to understand the new requirements and implications of the new Health and Safety in Employment Act.
Earthquake strengthening requirements will impact on funding and our ability to maintain service levels for building occupiers and users	Strengthening options for the Town Hall and other Civic Campus buildings are being considered under the Civic Precinct Development Project.
IT investment priorities to support the changing business environment.	The rationalisation of systems across Council to accommodate the new Core Council Application Platform may impact on the specific Corporate Property data collection and reporting requirements. Ensure property requirements are considered within the wider Council requirements.

Most Likely Scenario for Service

Generally our current levels of service will be maintained, however the portfolio's aging profile and earthquake strengthening requirements mean we need to critically review our asset condition data and renewal cycles to ensure we optimise the funding available.

The Civic Precinct Development proposal will have a significant impact on occupants of the Civic Campus This project seeks to find a solution that addresses the earthquake strengthening requirements across the campus; modernises our workplace; releases sites for development and revitalises the Civic Square public space. Maintaining service levels within the Civic Campus assets will continue to be a challenge until the future state of each of the buildings/sites is resolved.

Investment in IT solutions will enable Council to effectively and efficiently deliver its core services and enabling us to respond to future change.

Significant Future Decisions

Over the period of this strategy the council will need to consider the following:

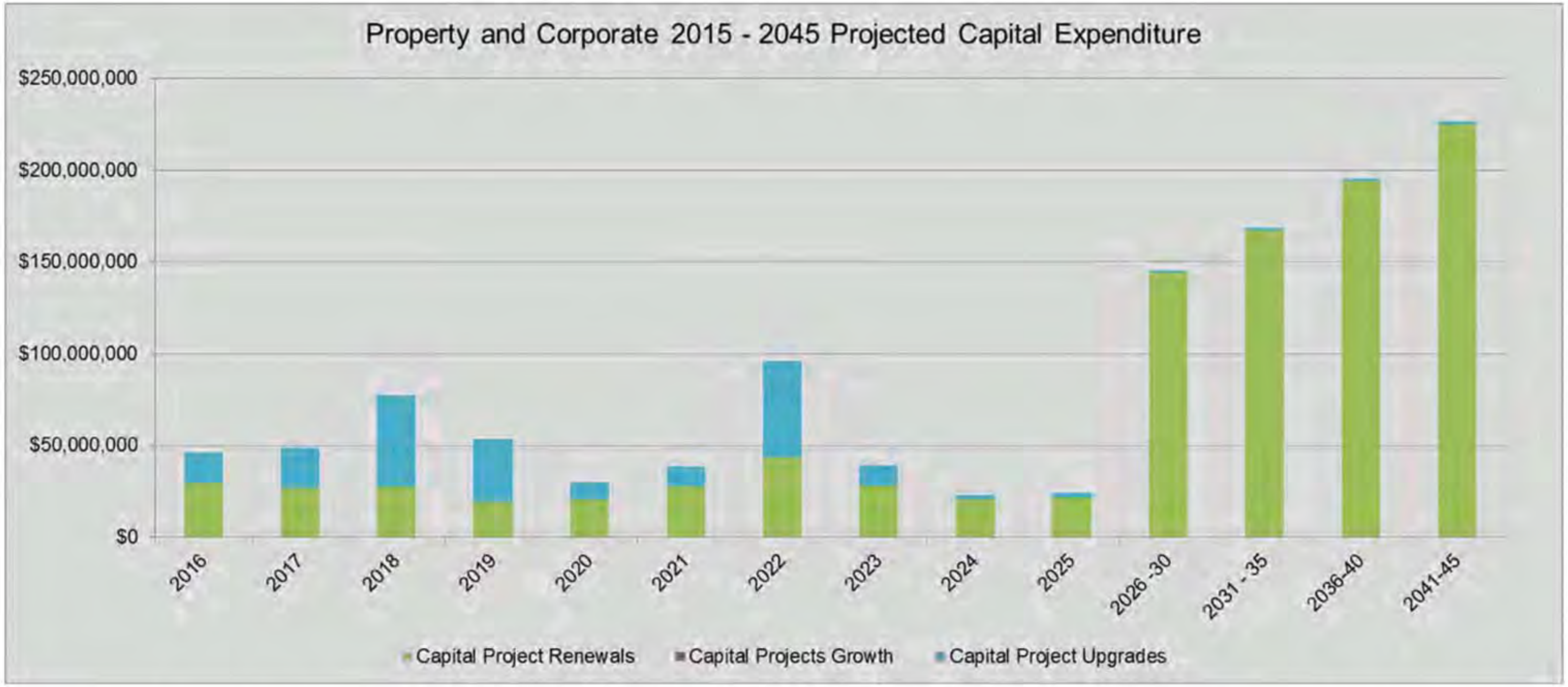
- Civic Precinct Development proposal
- Capital Investment in our IT infrastructure.

Scenario / Service Cost

Property and Corporate 2015 - 2045 Financial Plan

Description	2,016	2,017	2,018	2019 - 2025	LTP TOTAL	2026 -30	2031 - 35	2036-40	2041-45	30 Year Finanicals
Operating expenditure	805,096	3,154,630	4,306,221	17,433,967	25,699,914	8,761,552	10,157,040	11,774,793	13,650,213	70,043,512
Stewardship [depreciation]	2,873,601	2,201,832	2,646,724	42,719,106	50,441,263	40,785,651	47,281,748	54,812,505	63,542,716	256,863,882
Income										
Total Operating Projects	**3,678,697**	**5,356,462**	**6,952,945**	**60,153,073**	**76,141,177**	**49,547,203**	**57,438,788**	**66,587,298**	**77,192,928**	**326,907,394**
Capital Project Renewals	29,390,123	26,810,913	27,629,894	182,107,464	265,938,394	144,368,599	167,362,773	194,019,324	224,921,572	996,610,662
Capital Project Upgrades	17,056,038	21,794,230	50,001,050	122,895,159	211,746,478	1,057,416	1,225,835	1,421,078	1,647,419	217,098,225
Capital Projects Growth										
Total Capital Projects	**46,446,161**	**48,605,143**	**77,630,944**	**305,002,623**	**477,684,871**	**145,426,014**	**168,588,608**	**195,440,402**	**226,568,992**	**1,213,708,887**
Grand Total	**50,124,858**	**53,961,605**	**84,583,889**	**365,155,697**	**553,826,048**	**194,973,217**	**226,027,396**	**262,027,700**	**303,761,920**	**1,540,616,282**

The above table shows the projected operational and capital expenditure for the 30 years of the Corporate Property activity. This is followed by the projected expenditure in subsequent 5 year periods. This excludes capital upgrades for the remaining twenty years of the thirty year plan. The upgrades from year 11 – 30 are currently unplanned and unbudgeted.



The above shows the projected capital renewal, growth and upgrade expenditure for the 30 years of the Property and Corporate activity. This is followed by the projected capital expenditure in subsequent 5 year period This excludes capital upgrades for the remaining twenty years of the thirty year plan. The upgrades from year 11 – 30 are currently unplanned and unbudgeted.

Strategy Development & Review

The 30IS will be reviewed in each Long-Term Plan triennium. Our 30IS will evolve and develop as our infrastructure management capability evolves. As the quality of our information and analytics improves the understanding of our assets, levels of service and demand for those services, we will focus our infrastructure strategies, planning and outcomes.

The horizon for our strategy will be held at a 30 year constant for each iteration; as the strategy develops the legacy of changes will be quantified in the document. In theory, there should be continuity across 30IS development cycles and it should be possible to pick-up our 30IS years later and see a clear and concise pathway of its progression. In practice, this would encompass:

- A review of any material changes in principle, direction and focus of the strategy
- A synopsis of the drivers for those changes, both internal and external
- A structure highlighting the continuity of one iteration of the strategy to the next.

SIGNIFICANT FORECASTING ASSUMPTIONS:

Our 10-year plan

Wellington City Council's Draft Long-term Plan 2015-25

Absolutely Positively
Wellington City Council
Me Heke Ki Pōneke

2015-2025 LTP – Draft Significant Forecasting Assumptions

Budget and Forecasting Assumptions and Risk Assessment

Schedule 10 of the Local Government Act 2002 requires that the Council identifies the significant forecasting assumptions and risks underlying the financial information set out in the ten year Long-term Plan (LTP). Where there is a high level of uncertainty the Council is required to state the reason for that level of uncertainty and provide an estimate of the potential effects on the financial assumptions. The level of uncertainty is determined by reference to both the likelihood of occurrence and the financial materiality.

The Council has made a number of significant assumptions in the preparation of the financial forecasts in this LTP. These assumptions are necessary as the LTP covers a 10 year period and to ensure that there is a consistent and justifiable basis for the preparation of the financial forecasts. The significant forecasting assumptions used in developing the financial forecasts in the LTP are detailed in the table below.

Forecasting Assumptions	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
General Assumptions:			
Strategic Direction The strategic direction set out in the *Wellington 2040: Smart Capital* strategy will influence the way the Council delivers services and infrastructure to Wellington's residents. Achieving the strategic directions will ensure Wellington thrives and prospers and is resilient against threats, both natural and economic. The strategy is supported by Wellington's residents. Our four strategic goals are our community outcomes: • People City • Eco City • Connected City • Dynamic Central City	That the strategic directions will not lead to Wellington prospering and thriving.	Low	The *Wellington 2040: Smart Capital* strategy is based on a significant body of research predicting six major global trends which will impact on the city between now and 2040. Thorough and comprehensive engagement with Wellington's residents show the vision and goals in the strategy are widely supported. The Strategy builds on strengths and mitigates against threats. The strategy's overarching vision and goals guide the development of the Long-term Plan, specific strategies to achieve outcomes, how the Council's activities can best align to a smart green future, and the setting of meaningful long-term targets to measure progress.

<table>
<tr><th>Forecasting Assumptions</th><th>Risk</th><th>Level of Uncertainty</th><th>Reasons and Financial Effect of Uncertainty</th></tr>
<tr>
<td>Projected growth in the Wellington City economy:
• GDP Growth 2015-25 (Aspirational Scenario): 3.1% per annum
• Employment Growth 2015-25 (Aspirational Scenario): 1.7% per annum

Economic growth assumptions inform the Council's Financial Strategy and aids decision-making for the LTP. This year our assumptions are informed by BERL Economics based on growth scenarios for the Wellington region and councils to 2041.
The modelling considers four alternative futures for the Wellington Region – Business as Usual, IT, Infrastructure and Aspirational. The alternative futures (scenarios) consider the impact of various strategies on employment and GDP.</td>
<td>That economic growth is lower than forecasted due to:
• Local infrastructure not aligned to key regional infrastructure projects to ensure scale and needs are met by businesses and residents
• Strategies not developed to attract and retain skilled workers
• Land use planning and zoning not keeping pace with substantial population and employment growth
• Council not investing in key projects to achieve economic development at forecasted levels.
• Counter-cyclic trends in underlying economic growth despite Council's efforts to stimulate economic activity.</td>
<td>Moderate</td>
<td>Economic growth impacts on affordability of Council rates and the utilisation of services with a user charge funding component as discretionary income is impacted. This in turn may drive changes to both operational and capital expenditure. The economic outlook also affects local businesses, level of employment and the rate of development which means it is closely correlated to the level of growth in the ratepayer base.

It is noted that the aspirational scenario forecast is based on estimated impact of economic development activities under the Wellington Regional Strategy (WRS), rather than economic development projects specific to Wellington City Council.</td>
</tr>
<tr>
<td>Projected growth change factors:
<table>
<tr><th>Year</th><th>Population forecast</th><th>Households forecast</th></tr>
<tr><td>2015</td><td>202,669</td><td>76,145</td></tr>
<tr><td>2016</td><td>203,933</td><td>76,807</td></tr>
<tr><td>2017</td><td>205,199</td><td>77,495</td></tr>
<tr><td>2018</td><td>206,665</td><td>78,201</td></tr>
<tr><td>2019</td><td>208,056</td><td>78,914</td></tr>
<tr><td>2020</td><td>209,473</td><td>79,607</td></tr>
<tr><td>2021</td><td>210,826</td><td>80,272</td></tr>
<tr><td>2022</td><td>212,083</td><td>80,947</td></tr>
<tr><td>2023</td><td>213,615</td><td>81,635</td></tr>
<tr><td>2024</td><td>214,854</td><td>82,308</td></tr>
<tr><td>2025</td><td>216,289</td><td>82,984</td></tr>
</table></td>
<td>That growth is higher or lower than forecast thereby either putting pressure on Council to provide additional infrastructure and services or putting council at risk of over-investing infrastructure to cater for growth that does not eventuate.</td>
<td>Low</td>
<td>Low to Moderate growth can be accommodated within the present level of Council infrastructure. Where higher growth requires additional infrastructure, Council will collect development contributions to meet a portion of the costs of new or upgraded investment. Capital costs over this amount would result in additional Council expenditure funded through new borrowings which would in turn result in increased rates. On average a $1million increase in borrowing funded capex will result in a $140,000 increase in rates.</td>
</tr>
</table>

Draft recommendation to Committee only – not Council policy

Draft for Consultation - not Council Policy

Forecasting Assumptions				Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
Annul average	0.65%	0.86%				
City growth assumptions underpin the Council's Asset Management Plans, capital expenditure budgets, and level of services in the LTP. This year our assumptions are informed by Forecast.id for Wellington City modelling land development, housing markets and the role of suburbs. It is based on Statistics NZ data from the 2006 and 20013 censuses, converting usual resident data to estimated resident population for each neighbourhood. It is also mindful of larger economic and migration trends which are likely to effect the region. It provides a realistic projection based on current policy settings and how they are playing out. See our website www.wellington.govt.nz for the population forecast for the city as a whole and for each neighbourhood together with a list of assumptions that have been incorporated in the forecast.						
Growth in ratepayer base: Council plans to invest in a range of initiatives that it will provide an economic catalyst for the city which we forecast will provide ratepayer growth of: 2015/16 1.0% 2016/17 1.2% 2017/18 1.5% 2018/19 1.5% 2019/20 1.8% 2020/21 1.2% 2021/22 1.0% 2022/23 1.0% 2023/24 0.8% 2024/25 0.8%				The growth in the ratepayer base is higher or lower than projected.	Low – Moderate	The Council has used current property information from its valuation service provider (Quotable Value Ltd), forward looking consenting, and historic trends to assess the level of growth in rating units, together with longer term projections from the Forecast.id modelling used in the LTP. We are also utilising modelling prepared by Price Waterhouse Coopers to assess the potential impact each of the Council's economic investment projects will have on growth in the ratepayer base. The projected growth for 2015/16 to 2017/18 is considered robust, with a higher level of estimation for out-years. Accordingly we have been conservative with our growth estimates in years 4 -10 of the LTP. If growth is higher than forecasted, average rates funding increase will be reduced by an equivalent amount as there are a greater number of ratepayers across which the rates funding requirement will be allocated. If growth is lower than forecasted, the average rates increase for the ratepayer will be higher. The annual impact of a 1% of variance in growth in the ratepayer base is equivalent to approximately $2.5m of rates. We plan to manage this risk by conducting detailed business cases for each investment to assess their cost effectiveness and economic contribution. We will also measure and report on growth in the rating base and

4

Draft recommendation to Committee only – not Council policy
Draft for Consultation - not Council Policy

Forecasting Assumptions	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
			review the projections and underlying strategy on a three yearly basis.
Forecast cost savings and efficiencies The council is targeting savings of 1% of funded operating expenditure from shared services initiatives and a range of procurement related programmes each year of the LTP, equating to approximately $50m. This ongoing review will focus on: i. A review of the options, impacts and potential risks of reducing the renewals budget ii. The future need for assets and their ongoing strategic alignment. iii. The future capital programme, service levels, alternative service models, increased asset utilisation, holdings and potential income-generating opportunities. iv. Organisational alignment and increased use of inter council shared service alignment	That council does not achieve the forecast level of savings. Note that in making any decisions the Council will: • consider the need to appropriately maintain assets so that an unsustainable future financial liability does not result • comply with legislation • ensure the potential adverse impacts on the health and safety of staff and the public are adequately mitigated • outline levels of service impacts and any associated monitoring framework to ensure that changes are sustainable and do not cause unacceptable impacts or disruption to the services that the assets support.	Low – Moderate	The general rates requirement would increase or decrease by the difference between the actual and projected general rates reductions from savings. This would require the council to adjust rates, debt, fees and charges, and/or expenditure requirements where savings differ from those forecasted. The council has achieved additional savings targets in each of the past three years of between $4m and $8m. This provides confidence that further cost savings can be made, although the actual timing and impact will subject to a number of factors.
Levels of Service Demand for Council services and customer expectations regarding business as usual levels of service will not significantly change and therefore there will be no significant effect on asset requirements or operating expenditure beyond those specifically planned and identified within the LTP.	That there are significant changes in customer expectations regarding demand for services or levels of service from those planned in the LTP.	Low	The Council has well defined service levels for its planned activities which have been reviewed as part of the LTP process. Customer satisfaction surveys and other engagement strategies generally support the key assumptions made within the LTP and therefore there are currently no known additional areas of the Council's service that require significant modification.
Funding for major economic growth initiatives The 2015-2025 LTP identifies a number of projects that we forecast will provide a catalyst for economic and	That the funding allocated will be insufficient to fund all of the projects identified.	Moderate	Each of the major economic projects identified within the plan will undergo a robust business case to assess their cost effectiveness and anticipated contribution to the city

Draft recommendation to Committee only – not Council policy

Draft for Consultation - not Council Policy

Forecasting Assumptions	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
rating base growth in the city. These projects which include funding for urban development initiatives that provide a catalyst for growth and potential investment in extension of the airport runway, a film museum, indoor arena, film and tech hubs and targeted events. These projects are at different stages of development. Specific costs and timing will be clearer as we work through the project phases. Despite this uncertainty it is important that we show through the financial strategy and LTP the capacity the Council has to invest in these projects over the 10 year period of the LTP. To cater for these uncertainties we have used an envelope budgeting approach in years 4 to 10, incorporating $200m of capital expenditure funding for economic catalyst projects and an additional $76m for urban development projects. In addition we have assumed that $100m of the total $1.9 billion of asset investment planned across the 10 years of the LTP will be funded by an external party. We will continue to budget for the associated debt servicing costs but transfer the capital risk and debt from the Council's balance sheet.			economy. We cannot yet be certain that all these projects will proceed. Given the lead time it is also likely that a significant proportion of the investment will not be incurred in the first three years of the LTP. This will provide an opportunity to review the envelope funding allocation as part of the subsequent LTP in 2018.
Resource consents Conditions for existing resource consents held by Council will not be significantly altered. Any resource consents due for renewal during the 10 year period will be renewed accordingly.	Conditions of resource consents are altered significantly. Council is unable to renew existing resource consents upon expiry.	Low	The financial effect of any change to resource consent requirements would depend upon the extent of the change. A significant change in requirements could result in the Council needing to spend additional funds to enable compliance. Generally, the Council considers that it is fully compliant with existing Resource Consents and does not contemplate any material departure from these requirements over the next 10 years.
Development Contributions Significant assumptions in relation to development contributions are included within the Development Contributions Policy.	If growth is higher or lower than forecast, the level of development contributions collected could be insufficient to cover the costs of additional infrastructure required to meet the needs of Wellington's future population.	Moderate	The growth assumptions within the Development Contributions Policy are considered robust as they are based on the Forecast.id modelling on population, assumptions used across the LTP. The policy is adopted by Council after a robust process including the Special Consultative Procedure and external audit.

6

Draft recommendation to Committee only – not Council policy
Draft for Consultation - not Council Policy

Forecasting Assumptions	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
Civil Defence and Emergency Preparedness The LTP is prepared on the basis that the city is continually improving its emergency preparedness, and whilst the impact of a major natural disaster cannot be accurately predicted (and therefore the response required), increased community preparedness and regional consistency are cornerstones of our approach. In line with the rest of NZ, we follow the "4Rs": ▪ Reduction of risk ▪ Readiness for an event ▪ Response when it occurs; and ▪ Recovery, post-event. The focus areas for disaster preparedness within our plan are: ▪ Earthquake prone buildings ▪ Water ▪ Wastewater ▪ Transportation ▪ Electricity ▪ Gas ▪ Telecoms ▪ Welfare ▪ Community preparedness Most hazards we prepare for have an expected probability. For example, maximum size tsunami once every 2,500 years; major quake on the Wellington fault, 10% chance in the next 100 years.	That a significant event occurs (e.g. a major earthquake) and: ▪ insufficient risk reduction measures are in place to prevent large numbers of casualties, or ▪ the city is unable to recover sufficiently or quickly enough in order to prevent long-term adverse effects on population or local economy.	Low	Although the probability of a major earthquake or other natural disaster within the lifespan of the LTP is low, we take Emergency Preparedness very seriously with the aim to be as prepared as possible. We believe that preparedness activities are never finished and therefore aim for continuous improvement. Although we do consider ourselves capable of dealing with a large event, we will never know how adequate our plans are until the day they are tested for real. Regardless of preparedness levels, in a major event it will always be likely that regional, national and international assistance will be required. Similarly, the financial impact of such an event is unknown until such an event occurs. However, it is likely to have a significant impact to the current planned expenditure within the LTP.
Government Policy Most of the local government reforms are in place. No major changes to the Local Government Act are foreseen and assumed over the period of the LTP. That the Government policy framework will continue to provide a stable working and statutory framework.	That Government policy framework shifts, resulting in new or amended legislation	Moderate	The nature and significance of new or amended legislation will determine the level of response required, cost to implement and administer by Council, or result in a change to the services delivered by the Council. RMA changes might be significant but will not happen overnight.

Draft recommendation to Committee only – not Council policy

Draft for Consultation - not Council Policy

Forecasting Assumptions	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
Changes to the Resource Management Act (RMA) is expected.			
Regional Governance Review The LTP assumes continuation of the current local authority structure within the Wellington Region. The Wellington local authorities will continue to work with the public toward a common view of regional governance. This will strengthen the opportunities for authorities to propose and drive any reform agreed with or by Central Government. In December 2014 the Local Government Commission announced a draft proposal for a single two tiered Council for the entire Wellington. Consultation on this proposal will close in 2015. At this stage there is insufficient certainty that the proposal will succeed to consider the impact of this structure within the Council's 2015-2025 LTP. Council's plan does reflect the impact of other decisions made collectively by the Councils in the region, including the formation of the Wellington Regional Economic Development Agency and the expansion of Wellington Water to serve the entire metropolitan area.	That councils in the region fail to lead a public discussion and reach a united and acceptable position on the issue of governance reform leading to inappropriate and/or rushed change is imposed by central government.	Moderate	Any change in governance arrangements for the city and region could impact on levels of service and their costs, and alter the LTP forecast. The Regional Governance Review was initiated by the Wellington Regional Mayoral Forum in 2010. The external environment has changed since that review was initiated – including central government announcing an intention to examine reform of the sector. The Council will need to ensure its public is informed on any subsequent proposals or debate. Should change be supported – and pass a community poll – any impact in terms of structure, services and costs would likely only impact on the out-years of the long-term plan (years 4-10.)
Significant Financial Assumptions:			
Inflation The Council has adjusted base financial projections to reflect the estimated impact of inflation.	That actual inflation will be significantly different from the assumed inflation.	Low - Moderate Years (1-3) Moderate - High Years (4-10) High Years (11-30)	Inflation is affected by external economic factors, most of which are outside of the Council's control and influence. Council's costs and the income required to fund those costs will increase by the rate of inflation unless efficiency gains can be made.
Inflation Rates Applied:			While individual indices will at times vary from what has

8

Draft recommendation to Committee only – not Council policy
Draft for Consultation - not Council Policy

Forecasting Assumptions	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
Inflation rates have been estimated using the BERL "Forecasts of Price level Change Adjustors to 2025." The applicable rates are (shown cumulative):			been included in this LTP, the Council has relied on the assumption that the Reserve Bank will use of monetary controls to keep CPI within the 1.5 to 3% range.

Index Forecast	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10
Roading	1.000	1.014	1.036	1.061	1.088	1.117	1.149	1.183	1.220	1.260
Property	1.000	1.024	1.050	1.078	1.107	1.139	1.174	1.211	1.250	1.294
Water	1.000	1.038	1.069	1.104	1.140	1.180	1.223	1.271	1.321	1.376
Energy	1.000	1.038	1.078	1.122	1.170	1.223	1.279	1.342	1.411	1.485
Staff	1.000	1.018	1.039	1.060	1.083	1.107	1.133	1.161	1.191	1.223
Other expense	1.000	1.025	1.051	1.080	1.111	1.143	1.180	1.218	1.261	1.306
Other income	1.000	1.019	1.039	1.061	1.083	1.107	1.133	1.160	1.188	1.218

Forecasting Assumptions	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
Application of the Inflation Rates: The inflation rates above have been applied across all items within the financial statements with the exception of:		Low	
Revenue from investment properties – not inflated as most ground leases are subject to fixed rentals across the period.	That the revenue streams identified are influenced by changes in prices or the rate of inflation.	Low – Moderate	The assumption is considered reasonable in these cases due to the specific circumstances noted.
Petrol tax – forecast to remain constant. Revenue from petrol tax is driven by tax rates and volumes – both of which are expected to remain constant over the 10 year period.	That the revenue streams identified fluctuate annually as a result of external factors outside the control of the Council.	Moderate	Although the revenue streams may vary annually due to factors outside the control of the Council (eg, petrol consumption may vary and therefore affect the revenue received from Petrol Tax) it is not considered that annual variances will have a material effect on the financial forecasts in the LTP.
Interest revenue and expenditure – Interest rates do not increase annually in line with rates of inflation. Interest rates have been forecast to remain constant. Refer section below.	N/A		

Forecasting Assumptions	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
Grants - Our grant schemes and grants to other organisations do not increase with inflation and remain constant until Council make a decision to change the level of the grants. Therefore our assumption is there will be no change to the value of our grants over the 10 year period. **Dividends** – Although rates of inflation will affect the revenues and expenditures of those entities distributing dividends to the Council it is not anticipated that the level of dividend will be influenced by rates of inflation in the future.	That cost pressures experienced by organisations receiving grants is such that Council are inclined to increase grant funds available. N/A	Moderate	While no inflation is applied to grant funding the actual level of funding proposed is reconsidered on an annual basis taking these factors into account.
Expected interest rates on borrowings Interest is calculated using the following interest rates: 2015/16 5.60% per annum 2016/17 6.00% per annum 2017/18 6.00% per annum 2018/19 6.00% per annum 2019/20 6.30% per annum 2020/21 6.30% per annum 2021/22 6.30% per annum 2022/23 6.75% per annum 2023/24 6.75% per annum 2024/25 6.75% per annum	That prevailing interest rates will differ significantly from those estimated.	Moderate	Interest rates are largely driven by factors external to the NZ economy. Council manages its exposure to adverse changes in interest rates through the use of interest rate swaps. At any time Council policy is to have a minimum level of interest rate hedging equivalent to 50% of core borrowings. Based on the minimum hedging profile, a 0.1% movement in interest rates will increase/decrease annual interest expense by between $200,000 and $550,000 per annum across the ten years of the LTP.
Expected return on investments: Council has forecast the following returns for significant investments:			
Wellington International Airport Limited shareholding – it is assumed that the Council will retain its existing investment in WIAL of 34% and that a regular flow of revenue will be received by way of dividend. The forecast annual dividend from Wellington International Airport Limited is $11 million for 2015/16.	That Council will not achieve the forecast level of dividends	Moderate	The level of dividend is dependent on the financial performance of the company. If the actual returns are significantly less than forecast, the council will need to look for alternative funding through rates or borrowings. If the actual returns are significantly more than forecast, the Council may be able to reduce rates or forecast borrowings.

Draft recommendation to Committee only – not Council policy
Draft for Consultation - not Council Policy

Forecasting Assumptions	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
Wellington Cable Car Limited – it is assumed that the Council will retain its existing investment at current levels with the exception of a $2.5 million investment in 2016/17 to fund replacement of the electric drive for the Cable Car. No dividends are assumed across the 10 year period	That actual levels of dividends differ from those forecasted in the plan.	Low	The level of dividend is dependent on the financial performance of the company. If the actual returns are significantly less than forecast, the council will need to look for alternative funding through rates or borrowings. If the actual returns are significantly more than forecast, the Council may be able to reduce rates or forecast borrowings.
The Greater Wellington Regional Council has signalled that the Wellington trolley-bus network will be decommissioned in 2017. WCC has written down the carrying value of its overhead wires & pole network accordingly, but has assumed that GWRC will meet any costs of dismantled the network.	The WCC incurs some cost in decommissioning the network.	Moderate	WCCL is currently undertaking an assessment of the cost of decommissioning. Until this is know the cost implications for GWRC and WCC are unknown.
Wellington Regional Stadium Trust loan – in accordance with the terms of the loan, no interest has been forecasted across the 10 year period. The loan is due to be repaid once the Trust has repaid all of its other liabilities and borrowings. The Trust may return part of its annual operating surplus to the Council to repay all or part of the outstanding loan.	That the loan will not be repaid	Low	As the Trust is currently servicing its other loan obligations to commercial lenders, the Council considers that it is unlikely that the Trust will make an annual repayment of the outstanding loan. Once these commercial loans have been repaid the Council expects that the Trust will be in a position to repay the loan advanced by the Council. There is currently no information / reason to suggest that the Trust will not be in a position to repay the Council's loan.
Convention Centre It is assumed that the operating costs of the proposed Wellington Convention Centre will be offset by dividends of $1.4m in 2020/21, increasing to $2.2m in 2024/25.	That operating profits and the dividend returned to Council are lower than forecast	Moderate	Profit and dividend forecasts assume a mid-case scenario based on a business case with robust and sound assumptions. A range of industry experts (including Price Waterhouse Coopers, BERL Economics, Howarth HTL Ltd, and Covec Ltd) were engaged in preparing market analysis, economic projections, property advice and assessment, and reviewing the draft business case. It is also prepared in full knowledge of the planned developments in other regions.
New Zealand Transport Authority (NZTA) funding Council has made assumptions on the level of subsidies it expects to receive from central government through the NZTA over the period of the LTP. The NZTA Funding	NZTA make further changes to the subsidy rate, the funding cap or the criteria for inclusion in the subsidised works programme.	Low	Variations in the subsidy rates of approx 1% would not impact the Council's funding income stream due to current eligible expenditure being in excess of the current funding cap.

Forecasting Assumptions	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
Assistance Rates Review was finalised in October 2014. The agreed funding assistance rates for both the 2015-18 National Land Transport Programme (NLTP) period and at the end of the transition are as below: 2015/16 48% 2016/17 49% 2017/18 50% 2023/24 51% (end of transition)			
Vested assets No vesting of assets is forecast across the 10 year period.	That Council will have assets vested thereby increasing the depreciation expense in subsequent years.	High	The level of vested assets fluctuates considerably from year to year and is unpredictable. Historical levels have not been material. The recognition of vested assets in the income statement is non-cash in nature and will have no effect on rates. The financial effect of the uncertainty is expected to be low.
Sale of Assets We have assumed asset sales of $52m will be realised to repay borrowings across the 10 year period.	That the sale of assets do not occur at forecasted levels	Moderate	If the level of asset sales is less than forecasted, either our level of debt will increase by the relevant amount or Council may consider revising its level of asset investment. The interest cost of servicing this debt will be lower or higher depending on the level of asset sales.
Sources of funds for the future replacement of significant assets Sources of funds for operating and capital expenditure are as per the Revenue and Financing Policy (refer page xx)	That sources of funds are not achieved	Low	User charges have been set at previously achieved levels. Depreciation is funded through rates. The Council is able to access borrowings at levels forecast within the LTP.
Useful lives of significant assets The useful lives of significant assets is shown in the Statement of Accounting Policies (refer page xx). It is assumed that there will be no reassessment of useful lives throughout the 10 year period.	That assets wear out earlier or later than estimated.	Low - Asset lives are based upon estimates made by engineers and registered valuers.	The financial effect of the uncertainty is likely to be immaterial. Depreciation and interest costs would increase if capital expenditure was required earlier than anticipated. However, these impacts could be mitigated as capital projects could be reprioritised in the event of early expiration of assets.

Forecasting Assumptions	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
It is assumed that assets will be replaced at the end of their useful life.	That Council activities change, resulting in decisions not to replace existing assets. That Council replaces assets before the end of useful life.	Low	Council has a comprehensive asset management planning process. Where a decision is made not to replace an asset, this will be factored into capital projections.
Planned asset acquisitions (as per the capital expenditure programme) shall be depreciated on the same basis as existing assets.	That more detailed analysis of planned capital projects may alter the useful life and therefore the depreciation expense.	Low	Asset capacity and condition is monitored, with replacement works being planned accordingly. Depreciation is calculated in accordance with accounting and asset management requirements.
Revaluation of property, plant and equipment These forecasts include a three yearly estimate to reflect the change in asset valuations for property, plant and equipment in accordance with the Council's accounting policies (refer page xx). The following assumptions have been applied to projected asset revaluations: • Revaluation movements shall equate the inflation rates applied for all depreciable property, plant and equipment (refer section "Inflation") • The depreciation impact of inflation shall be in the year following revaluation. • The value of non-depreciable assets (e.g. land) is forecast to remain constant.	That actual revaluation movements will be significantly different from those forecast	Low	The majority of Council's depreciable property, plant and equipment assets is valued on a depreciated replacement cost basis. Therefore, using the projected inflation rate as a proxy for revaluation movements is appropriate and consistent with the treatment of price changes generally within the LTP. For land assets valued at market value (based on sales evidence), values have been assumed to remain constant. This reflects the wide disparity in views on the sustainability of current residential market prices.
Revaluation of investment properties It is assumed that the value of investment properties accounted for at fair/market value will remain constant across the 10 year plan.	That actual revaluation movements will be significantly different from those forecast	Moderate	For assets valued at market value (based on sales evidence), values have been assumed to remain constant. This assumption has no impact on depreciation as these assets are not depreciated.
LGFA Guarantee Each of the shareholders of the LGFA is a party to a deed of Guarantee, whereby the parties to the deed guarantee the obligations of the LGFA and the guarantee obligations of other participating local authorities to the LGFA, in the event of default.	In the event of a default by the LGFA, each guarantor would be liable to pay a proportion of the amount owing. The proportion to be paid by each respective guarantor is set in relation	Low	The Council believes the risk of the guarantee being called on and any financial loss arising from the guarantee is low. The likelihood of a local authority borrower defaulting is extremely low and all of the borrowings by a local authority from the LGFA are secured by a rates charge.

Draft recommendation to Committee only – not Council policy

Draft for Consultation - not Council Policy

Forecasting Assumptions	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
	to each guarantors relative rates income.		
Renewal of External Funding It is assumed that Council will be able to renew existing borrowings on equivalent terms.	That new borrowings cannot be accessed to fund future capital requirements	Low	The Council minimises its liquidity risk by maintaining a mix of current and non-current borrowings in accordance with its Investment and Liability Management Policy. In accordance with the Liability Management Policy the Council must maintain its borrowing facilities at a level that exceeds 110% of peak borrowing levels over the next 12 months.
Weathertight Homes The Council will continue to spread the cost incurred by Council in settling weathertight homes claims by funding claims from borrowings and spreading the rates funded repayment across a number of years. The LTP assumes that the Council's weathertight homes liability will be fully settled and the associated borrowing repaid over the 10 years of this LTP.	That the level of the claims and settlements is higher than provided for within the LTP.	Low	The weathertight homes liability is an actuarial calculation based on the best information currently available. The liability provided for within the Council's financial statements is $50m, a 1% change in this figure would equate to $0.5m.

REVENUE AND FINANCING POLICY:

Our 10-year plan

Wellington City Council's Draft Long-term Plan 2015-25

Absolutely Positively
Wellington City Council
Me Heke Ki Pōneke

Draft Revenue and Financing Policy

Table of Contents ***Page***

Introduction

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

We have set out our policy under the following headings:

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

1. Policy Statement on the funding of operational expenditure

Establishing the level of operating revenue required to fund operating expenditure

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

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

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

- The estimated expenses of achieving and maintaining the predicted levels of service provision set out in the LTP, including the estimated expenses associated with maintaining the service capacity and integrity of assets throughout their useful life.

- The projected revenue available to fund the estimated expenses associated with maintaining the service capacity and integrity of assets throughout their useful life.

- The equitable allocation of responsibility for funding the provision and maintenance of assets and facilities throughout their useful life.

- The funding and financial policies adopted under section 102 of the Local Government Act 2002.

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

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

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

- Where the original asset purchase was not funded by borrowings, or the original borrowings have been repaid, and
- Where, on an ongoing basis, the replacement of the asset at the end of its useful life will be funded by a third party, or
- Where the Council has elected not to replace the asset at the end of its useful life.

- Where a third party has a contractual obligation to either maintain the service potential of the asset throughout all or part of its useful life (or to replace the asset at the end of its useful life) and the Council already effectively funds this through operating grants/tariffs payable to the third party.

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

Options available for funding Council services

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

- **General rates**. General rates are used to fund public goods where it is not possible and/or practical to clearly identify customers or users. The general rate is also used to fund activities where, for reasons of fairness, equity and consideration of the wider community good it is considered that this is the most appropriate way in which to fund an activity.

- **Targeted rates**. This form of rate is used where an activity benefits an easily identifiable group of ratepayers (such as the commercial or residential sectors) and where it is appropriate that only this group be targeted to pay for some or all of a particular service. For example, sewage disposal, water supply and the downtown targeted rate.

- **Fees and charges**. User charges are direct charges to people and/or groups who use certain Council services such as swimming pools. In these instances, an identifiable benefit exists to clearly identifiable people and/or groups and they are required to pay for all or part of the cost of using that service. It is noted that since 2006 Councils have been required to inflation adjust all income and expenditure within their LTP. Where appropriate and with consideration to 'ability to pay' principals, user charges will be increased by the rate of inflation to achieve continued alignment with the proposed funding policy targets.

- **Grants and subsidies**. Grants and subsidies apply to some activities when income from external agencies is received to support that particular activity.

- **Borrowings**. In general Council does not fund operating expenditure by borrowing. The exception is to fund the impacts on ratepayer's intergenerational equity or to fund expenditure over the period which benefits are received, such as weathertightness payments. Any borrowings associated with these expenses will be repaid over time.

- **Other sources of funding**. The Council also funds operating expenditure from other sources, including income from interest and dividends from investments held by the Council, lease income and proceeds from asset sales. Other sources of funding include:

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

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

The Council will not carry forward surpluses in relation to:

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

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

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

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

- *Self Insurance Reserve*. The Self Insurance Reserve is used to fund any damages or losses that would otherwise be covered by the Council's insurance policies except for the fact that the Council has elected to set an insurance excess at a level greater than the damage or loss suffered. Each financial period the Council will provide, through funding from rates and levies, an amount intended to reimburse estimated damages or losses not otherwise covered by the Council's insurance policies. Actual expenditure incurred as a result of damages or losses where no claim is made under the Council's insurance policies as a result of the level of excess set will be transferred from retained earnings to the Self Insurance Reserve at the end of the financial period.

- *Trusts and bequests*. The Council is the recipient/holder of a number of trusts and bequests. These funds can only be used for the express purposes for which they were provided to the Council. Each year, the Council may expend money, of an operating or capital nature, from its trusts and bequests in accordance with the specified conditions of those funds. For the avoidance of doubt, the Council does not fund the expenditure from its trusts and bequests from any of the sources of operating revenue.

- *NZTA funding*. Each year the Council receives funding from NZTA as part of the overall replacement and renewal programme for the City's roading infrastructure. The Council recognises the funding as income in accordance with GAAP. As the funding is received for capital purposes, it cannot be used to offset the rates requirement. Therefore the Council shall recognise a surplus equivalent to the amount of NZTA funding for capital purposes, to be applied against funding the depreciation expense that results on completion of the associated asset.

- *Development Contributions.* In accordance with the Council's Development Contributions Policy, development contributions are required to fund capital expenditure where development requires the construction of additional assets or increased capacity in network infrastructure, community infrastructure and reserves. Development Contributions will result in an operating surplus being generated for the year. This shall flow through to a Development Reserve within the Council's equity.

- *Other reserves and ring-fenced funds*. Restricted funds also include other reserves, reserve purchase and development reserve, any sub-division development reserve and ring-fenced cumulative surpluses/deficits from City Housing and Marina Operations activities. Subject to meeting any specified conditions associated with these reserves the Council may expend money, of an operating or capital nature, from these reserves.

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

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

Operating expenditure Funding mechanism	**Approximate proportion of funding for 2015/16**
General Rate	**35%**
Targeted rates	
• Sewerage rate	9%
• Water rate	9%
• Stormwater rate	4%
• Base (residential)	2%
• Commercial sector	1%
• Downtown targeted rate	3%
• Business Improvement District and other minor rates	1%
Total targeted rates	**29%**
Total fees and charges	**22%**
Other sources	
• Ground and commercial lease	9%
• Dividends	3%
• Miscellaneous	2%
Total other income	**14%**
Note: Decisions on the use of other funding sources i.e. use of prior period surpluses, non-funded depreciation, special and other reserves are project-specific are made on an annual basis. In such circumstances, revenue from these sources reduces the level of funding provided through the General Rate.	

Draft for Consultation - not Council Policy

2. Policy Statement on the funding of capital expenditure

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

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

- If the capital expenditure relates to the replacement (renewal) of an existing asset, that expenditure will be funded by depreciation. Funding for depreciation comes from rates. Any surplus depreciation, after paying for the replacement of Council assets, will be used to repay borrowings.

- If the capital expenditure relates to the construction or purchase of a new asset or to the upgrade or increase in service potential of an existing asset, that expenditure will usually be funded from new or extended borrowings. Borrowing is the most cost-effective and equitable way to do this as it spreads the cost of the asset over all the generations who will benefit from it, making it affordable to ratepayers today.

- On projects where on the basis of financial prudence, the Council considers it appropriate to do so, it may impose a targeted rate to repay borrowings on an asset at a faster rate than over the full life of the asset.

- The Council will use capital funding from third parties to fund investment in new or upgraded assets (e.g. funding received from NZTA).

- The funding of capital expenditure from the sale of surplus assets is decided on a case-by-case basis. Funds received from the sale of surplus assets that are not applied to the funding of capital expenditure shall be used to repay borrowings.

- The funding of capital expenditure from restricted or special funds is decided on a case-by-case basis and is subject to the specified purposes and conditions governing the use of those restricted funds.

- If an approved capital expenditure project is not completed by the end of the financial period, the unspent funds may be carried forward to the next financial period to enable the project to be completed.

- The Council has agreed that Development Contributions are to be used as the primary funding tool for capital expenditure resulting from population and employment growth for water, wastewater, stormwater, roads, and reserves. The Council will continue to collect residual RMA based Financial Contributions on developments consented prior to 2005/06. In some circumstances. Funds collected under either the Development Contributions Policy or the Financial Contributions Policy in the District Plan will result in a corresponding decrease in the amount to be funded from new borrowings.

Capital expenditure Funding mechanism	**Approximate proportion of funding for 2015/16**
Rates funded depreciation	51%

Draft for Consultation - not Council Policy

NZTA transport subsidies	8%
External grants	22%
Development contributions	1%
Borrowings	27%

3. Setting the level of revenue from rates

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

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

4. The Council's application of the requirements of the Act

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

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

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

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

- **Activity Group.** The Council's activities are those areas in which we provide a service to the community. Our activity analysis starts with a statement of what activity we are assessing, and a brief description of the service provided by the Council.

- **Activity**. A summary of all operating projects that the Council delivers within a particular activity. Any one activity may have more than one operating project which, when combined, provides the total level of service provided by the Council.

- **Who Benefits?** This analysis looks at the benefits that flow from the activity to individuals, identifiable parts of the community and the community as a whole. The Council acknowledges that this analysis is in part subjective, and that it has used some basic principles to assist in its decision making.

  - When discussing benefits to the whole community, we are referring to all members, ratepayers and the general public of the city. Benefits to the whole community accrue when individual users cannot be easily identified or cannot be easily excluded from entry (such as the use of the Town Belt and other open spaces), or where the community in general derives benefit from our activities (such as the provision of citizen information and advice). While it is not possible to charge for some activities, it is also not appropriate to charge for certain activities that benefit the community as a whole. In instances such as these, it is considered appropriate that funding is predominantly provided through the general rate.

  - Where individuals or an identifiable part of the community can be identified, it is then possible to consider the use of targeted rates or user charges. Obvious examples of this include services such as pools and recreation centres, but also include activities such as our building consent and licensing services and many of our waste management services. In these instances, it is possible to exclude users who do not wish to use and pay for an activity. Those users who choose to pay accrue a particular level of service over and above that available to the community as a whole.

- **Who should pay?** This section of our analysis looks at a variety of factors that may influence our decision-making when establishing a final decision as to who should pay for an activity. Through this analysis it is possible for the nominal funding split derived under the Who Benefits? analysis to be 'modified' based on a consideration of factors including:

  - The period of benefit provided by each activity. For instance, investment in the city's roading and stormwater infrastructure provides a long-term and ongoing benefit to the city, whereas a one-off grant for a particular activity will typically be short-term and temporary in nature.

  - Whether or not there is an identifiable exacerbator who should pay ('polluter pays' principle).

  - The costs and benefits of distinct funding. This includes an assessment of how we fund each individual activity taking into account issues such as transparency and accountability, and the impacts of a chosen funding mechanism. For instance, where a service is deemed to be essential or very important in terms of contributing to the general health and wellbeing of the community, consideration will be given to ensuring that people are not excluded from access to the service because they cannot afford to pay.

  - The overall impact of the funding of the activity on the current and future social, economic, environmental and cultural well-being of the community.

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

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

5. The general rates differential

The general rate is split between the base differential rate, which applies to residential ratepayers, community organisations and rural land, and the commercial, industrial and business differential rate.

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

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

In 2015/16 the Council proposes no change in the rates differential. This means that a commercial sector ratepayer will contribute 2.8 times more to the general rate than residential ratepayer for each dollar of rateable property capital value.

6. Summary of operating expenditure funding by activity

Activity Area	Activity Grouping	Activity	Activity Component Name	User Fees	Other Income	Rates	General	Residential Target	Commercial Targeted	Downtown Targeted / Other
Governance	Governance, information and engagement	1.1.1	City governance and engagement	0%	0%	100%	100%	0%	0%	0%
		1.1.2	Civic information	5%	0%	95%	95%	0%	0%	0%
		1.1.3	City Archives	10%	0%	90%	90%	0%	0%	0%
	Maori and Mana Whenua partnerships	1.2.1	Maori and Mana Whenua partnerships	0%	0%	100%	100%	0%	0%	0%
Environment	Gardens, beaches and green open spaces	2.1.1	Local parks and open spaces	5%	0%	95%	95%	0%	0%	0%
		2.1.2	Botanical gardens	10%	0%	90%	90%	0%	0%	0%
		2.1.3	Beaches and coast operations	0%	5%	95%	95%	0%	0%	0%
		2.1.4	Roads open spaces	0%	5%	95%	95%	0%	0%	0%
		2.1.5	Town belts	0%	5%	95%	95%	0%	0%	0%
		2.1.6	Community environmental initiatives	0%	0%	100%	100%	0%	0%	0%
		2.1.7	Walkways	0%	0%	100%	100%	0%	0%	0%
		2.1.8	Biodiversity (pest management)	0%	0%	100%	100%	0%	0%	0%
		2.1.9	Waterfront Public Space	5%	15%	80%	80%	0%	0%	0%
	Waste reduction and energy conservation	2.2.1	Waste minimisation, disposal and recycling management	100%	0%	0%	0%	0%	0%	0%
		2.2.2	Closed Landfills Aftercare	0%	0%	100%	100%	0%	0%	0%
		2.2.3	Energy efficiency and conservation	0%	0%	100%	100%	0%	0%	0%
	Water	2.3.1	Water network	0%	0%	100%	0%	60%	40%	0%
		2.3.2	Water collection and treatment	0%	0%	100%	0%	60%	40%	0%
	Wastewater	2.4.1	Sewage collection and disposal network	5%	0%	95%	0%	60%	35%	0%
		2.4.2	Sewage treatment	5%	0%	95%	0%	60%	35%	0%
	Stormwater	2.5.1	Stormwater management	0%	0%	100%	0%	77.5%	22.5%	0.0%
	Conservation attractions	2.6.1	Conservation Visitor Attractions	0%	0%	100%	100%	0.0%	0.0%	0.0%
Economic Development	City promotions and business support	3.1.1	Wellington Regional Economic Development Agency (WREDA) and Venues	0%	0%	100%	20%	0%	30%	50%
		3.1.2	Wellington Convention Centre	0%	0%	100%	60%	0%	0%	40%
		3.1.3	Retail support (free weekend parking)	0%	0%	100%	0%	0%	0%	100%
		3.1.4	Wellington Economic Initiatives Development Fund (WEID) and Economic Grants	0%	0%	100%	100%	0%	0%	0%
		3.1.5	Major Projects	0%	0%	100%	100%	0%	0%	0%
		3.1.6	International relations	0%	0%	100%	100%	0%	0%	0%
		3.1.7	Business Improvement Districts	0%	0%	100%	0%	0%	100%	0%
Cultural Wellbeing	Arts and Cultural Activities	4.1.1	Galleries and museums (WMT)	0%	0%	100%	75%	0%	0%	25%
		4.1.2	Visitor attractions (Te Papa/Carter Observatory)	0%	0%	100%	30%	0%	0%	70%
		4.1.3	Arts and cultural festivals	0%	15%	85%	85%	0%	0%	0%
		4.1.4	Cultural grants	0%	0%	100%	0%	100%	0%	0%
		4.1.5	Access and support for community arts	0%	10%	90%	90%	0%	0%	0%
		4.1.6	Arts partnerships	0%	25%	75%	75%	0%	0%	0%
		4.1.7	Regional amenities	0%	0%	100%	100%	0%	0%	0%
Social and Recreation	Recreation promotion and support	5.1.1	Swimming Pools	38%	0%	62%	62%	0%	0%	0%
		5.1.2	Sportsfields	10%	0%	90%	90%	0%	0%	0%
		5.1.3	Sportsfields (Synthetic)	40%	0%	60%	60%	0%	0%	0%
		5.1.4	Recreation Centres	25%	0%	75%	75%	0%	0%	0%
		5.1.5	Recreation partnerships	0%	0%	100%	0%	100%	0%	0%
		5.1.6	Playgrounds	0%	0%	100%	100%	0%	0%	0%
		5.1.7	Marinas	100%	0%	0%	0%	0%	0%	0%
		5.1.8	Golf Course	40%	0%	60%	60%	0%	0%	0%
		5.1.9	Recreation programmes	5%	0%	95%	95%	0%	0%	0%
	Community support	5.2.1	Libraries	10%	0%	90%	90%	0%	0%	0%
		5.2.2	Access support (Leisure Card)	0%	0%	100%	100%	0%	0%	0%
		5.2.3	Community advocacy	0%	0%	100%	0%	100%	0%	0%
		5.2.4	Grants (Social and Recreation)	0%	0%	100%	100%	0%	0%	0%
		5.2.5	Housing	100%	0%	0%	0%	0%	0%	0%
		5.2.6	Community centres and halls	5%	0%	95%	0%	95%	0%	0%
	Public health and safety	5.3.1	Burials and cremations	50%	0%	50%	50%	0%	0%	0%
		5.3.2	Public toilets	0%	0%	100%	100%	0%	0%	0%
		5.3.3	Public health regulations	60%	0%	40%	40%	0%	0%	0%
		5.3.4	City safety	0%	0%	100%	100%	0%	0%	0%
		5.3.5	WREMO	5%	0%	95%	95%	0%	0%	0%
Urban Development	Urban planning, heritage and public spaces development	6.1.1	Urban planning and policy	0%	0%	100%	100%	0%	0%	0%
		6.1.2	Waterfront development	0%	0%	100%	100%	0%	0%	0%
		6.1.3	Public spaces and centres development	0%	0%	100%	100%	0%	0%	0%
		6.1.4	Built heritage development	0%	0%	100%	100%	0%	0%	0%
	Building and development control	6.2.1	Building control and facilitation	65%	0%	35%	35%	0%	0%	0%
		6.2.2	Development control and facilitation	50%	0%	50%	50%	0%	0%	0%
		6.2.3	Earthquake risk mitigation - built environment	0%	0%	100%	100%	0%	0%	0%
		6.2.4	Regulator - Building Control and Facilitation Weathertight Homes	0%	0%	100%	100%	0%	0%	0%
Transport	Transport	7.1.1	Transport planning	0%	15%	85%	85%	0%	0%	0%
		7.1.2	Vehicle network	0%	5%	95%	95%	0%	0%	0%
		7.1.3	Cycle network	0%	0%	100%	100%	0%	0%	0%
		7.1.4	Passenger transport network	0%	65%	35%	35%	0%	0%	0%
		7.1.5	Pedestrian network	0%	0%	100%	100%	0%	0%	0%
		7.1.6	Network-wide control and management	15%	15%	70%	70%	0%	0%	0%
		7.1.7	Road safety	0%	30%	70%	70%	0%	0%	0%
	Parking	7.2.1	Parking	100%	0%	0%	0%	0%	0%	0%

Draft for Consultation - not Council Policy

Governance

Delivering confidence in civic decision-making

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

Operating activities

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

Activity Area	Activity Grouping	Activity	Activity Component Name	User Fees	Other Income	Rates	General	Residential Target	Commercial Targeted	Downtown Targeted / Other
Governance	Governance, information and engagement	1.1.1	City governance and engagement	0%	0%	100%	100%	0%	0%	0%
		1.1.2	Civic information	5%	0%	95%	95%	0%	0%	0%
		1.1.3	City Archives	10%	0%	90%	90%	0%	0%	0%
	Maori and Mana Whenua partnerships	1.2.1	Maori and Mana Whenua partnerships	0%	0%	100%	100%	0%	0%	0%

Capital Expenditure

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

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

Governance – activity commentary

1.1 Governance, Information and Engagement

ACTIVITY 1.1.1: CITY GOVERNANCE AND ENGAGEMENT

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

Community outcome
This activity contributes to the following community outcome:

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

Who Benefits?
Whole community *100%*

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

Council decisions and by giving them a sense of empowerment arising from the fact they can have their voices heard.

Who should pay?

Whole community *100%*

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

Our funding targets: operating expenses

User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

Absolutely Positively Wellington City Council
Me Heke Ki Pōneke

Item 2.2 Attachment 4

ACTIVITY 1.1.2: CIVIC INFORMATION

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

Community outcome
This activity contributes to the following community outcome:

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

Who Benefits?

Whole community	*50%*
Individuals	*50%*

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

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

Who should pay?

Individual	*5%*
Identifiable part of the community	*5%*
Whole community	*90%*

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

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

Our funding targets: operating expenses

User charges	5%
Other revenue	0%
Targeted rate	0%
General rate	95%
TOTAL	100%

Draft for Consultation - not Council Policy

ACTIVITY 1.1.3: CITY ARCHIVES

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

Community outcome
This activity contributes to the following community outcome:

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

Who Benefits?

Whole community	*50%*
Individuals	*50%*

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

Individuals who choose to use the City Archives can be seen to benefit directly from their access to the collection. The collection is used for private study and for research. Staff provide assistance with searches and with photocopying and with copying of archived photographs.

Who should pay?

Individual	*10%*
Whole community	*90%*

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

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

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

Our funding targets: operating expenses

User charges	10%
Other revenue	0%
Targeted rate	0%
General rate	90%
TOTAL	100%

1.2 Maori and Mana Whenua Partnerships

ACTIVITY 1.2.1: MAORI AND MANA WHENUA PARTNERSHIPS

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

Community outcome
This activity contributes to the following community outcome:

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

Who Benefits?

Whole community	*50%*
Individuals	*50%*

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

Who should pay?

Whole community	*100%*

Though the benefits of this activity accrue to both Maori and the whole community, the Council believes it is appropriately funded from general rates. There reasons for this are that since this activity is about meeting treaty obligations, it is appropriate for this activity to be funded from general rates.

Our funding targets: operating expenses

User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

Draft for Consultation - not Council Policy

Environment

Protecting and enhancing our natural environment

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

Operating activities

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

Activity Area	Activity Grouping	Activity	Activity Component Name	User Fees	Other Income	Rates	General	Residential Target	Commercial Targeted	Downtown Targeted / Other
Environment	Gardens, beaches and green open spaces	2.1.1	Local parks and open spaces	5%	0%	95%	95%	0%	0%	0%
		2.1.2	Botanical gardens	10%	0%	90%	90%	0%	0%	0%
		2.1.3	Beaches and coast operations	0%	5%	95%	95%	0%	0%	0%
		2.1.4	Roads open spaces	0%	5%	95%	95%	0%	0%	0%
		2.1.5	Town belts	0%	5%	95%	95%	0%	0%	0%
		2.1.6	Community environmental initiatives	0%	0%	100%	100%	0%	0%	0%
		2.1.7	Walkways	0%	0%	100%	100%	0%	0%	0%
		2.1.8	Biodiversity (pest management)	0%	0%	100%	100%	0%	0%	0%
		2.1.9	Waterfront Public Space	5%	15%	80%	80%	0%	0%	0%
	Waste reduction and energy conservation	2.2.1	Waste minimisation, disposal and recycling management	100%	0%	0%	0%	0%	0%	0%
		2.2.2	Closed Landfills Aftercare	0%	0%	100%	100%	0%	0%	0%
		2.2.3	Energy efficiency and conservation	0%	0%	100%	100%	0%	0%	0%
	Water	2.3.1	Water network	0%	0%	100%	0%	60%	40%	0%
		2.3.2	Water collection and treatment	0%	0%	100%	0%	60%	40%	0%
	Wastewater	2.4.1	Sewage collection and disposal network	5%	0%	95%	0%	60%	35%	0%
		2.4.2	Sewage treatment	5%	0%	95%	0%	60%	35%	0%
	Stormwater	2.5.1	Stormwater management	0%	0%	100%	0%	77.5%	22.5%	0.0%
	Conservation attractions	2.6.1	Conservation Visitor Attractions	0%	0%	100%	100%	0.0%	0.0%	0.0%

Capital Expenditure

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

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

Draft for Consultation - not Council Policy

Environment – activity commentary

2.1 Gardens, Beaches and Green Open Spaces

ACTIVITY 2.1.1: LOCAL PARKS AND OPEN SPACES

The Council owns and looks after the city's parks and reserves, horticultural plantings and street trees. We aim to provide a high-amenity, safe open space environment that gives people a wide range of recreation opportunities. Our work includes the upkeep of grass areas, sports pavilions and other buildings on reserve land. (For information on sports fields, see activities 5.1.2 and 5.1.3).

Community outcome

This activity contributes towards the following outcomes:

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

Who Benefits?

Whole community	*90%*
Identifiable part of the community	*10%*

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

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

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

Who should pay?

Whole community	*95%*
Identifiable part of the community	*5%*

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

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

Our funding targets: operating expenses	
User charges	5%
Other revenue	0%
Targeted rate	0%
General rate	95%
TOTAL	100%

ACTIVITY 2.1.2: BOTANICAL GARDENS

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

Community outcome

This activity contributes towards the following outcomes:

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

Who Benefits?

Whole community	*90%*
Individuals	*10%*

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

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

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

- the shop and cafe at the Begonia House in the Botanic Garden
- function rooms at Begonia House, Tree House and Otari-Wilton's Bush
- sale of plants at the Otari-Wilton's Bush annual open day
- lease of a house at Truby King Park to the Biology Institute
- provision of memorial seats in the Botanic Gardens

The gardens also provide educational seminars and programmes which have some private benefit. However, as these programmes help people learn about the environment, the Council believes the principal benefit is to the community as a whole.

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

Who should pay?

Whole community	*90%*
Individuals	*10%*

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

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

Our funding targets: operating expenses	
User charges	10%
Other revenue	0%
Targeted rate	0%
General rate	90%
TOTAL	100%

ACTIVITY 2.1.3: BEACHES AND COAST OPERATIONS

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

Community outcome
This activity contributes towards the following outcomes:

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

Who Benefits?

Whole community	*100%*

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

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

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

Who should pay?

Whole community 100%

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

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

Our funding targets: operating expenses	
User charges	0%
Other revenue	5%
Targeted rate	0%
General rate	95%
TOTAL	100%

ACTIVITY 2.1.4: ROADS OPEN SPACES

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

Community outcome

This activity contributes towards the following outcomes:

- *People-centred City* –management of roadside vegetation ensures hazards are removed - for example, impairing motorists' line of sight, contributing to bank erosion or blocking natural run-off channels.

Who Benefits?

Whole community 100%

This work benefits anyone who lives in or moves around the city by ensuring footpaths and roadside verges and open spaces are safe, attractive and free of litter. This work has benefits for the city's environment and for residents' safety, health and enjoyment of their surroundings.

Who should pay?

Whole community 95%

Identifiable part of the community 5%

A small part of our roads open spaces costs are covered by a subsidy from the Government roading funding agency New Zealand Transport Agency (NZTA), which passes on funding from the fuel taxes it gathers. Of the remaining costs, as the community as a whole benefits, the fairest and most efficient way to fund this is from general rates.

The amount of the NZTA subsidy varies from year to year depending on the scheduled asset management plan works and changes to the works programme based on reprioritisation.

Our funding targets: operating expenses	
User charges	0%
Other revenue	5%
Targeted rate	0%
General rate	95%
TOTAL	100%

ACTIVITY 2.1.5.: TOWN BELTS

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

Community outcome
This activity contributes towards the following outcomes:

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

Who Benefits?
Whole community *100%*

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

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

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

Who should pay?
Whole community *100%*

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

Through this activity we receive modest revenue from the rental we charge for use of facilities such as Scout Clubs that are housed on Town Belt land.

Our funding targets: operating expenses	
User charges	0%
Other revenue	5%
Targeted rate	0%
General rate	95%
TOTAL	100%

ACTIVITY 2.1.6: COMMUNITY ENVIRONMENTAL INITIATIVES

This activity covers initiatives that directly support the community's engagement in advancing environmental well-being. The Council provides grants for projects that promote environmental sustainability or greater understanding of environmental issues. It also covers environmental education initiatives and our community greening programmes.

Community outcome
This activity contributes towards the following outcomes:

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

Who Benefits?
Whole community *100%*

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

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

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

Who should pay?
Whole community *100%*

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

Our funding targets: operating expenses	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

ACTIVITY 2.1.7: WALKWAYS

The Council encourages public use of the Town Belt and reserves, and recognises that tracks are important for people's access to and enjoyment of the city's bush and open spaces. We currently maintain over 100km of track.

Community outcome
This activity contributes towards the following outcomes:

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

Who Benefits?
Whole community *100%*

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

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

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

Who should pay?
Whole community *100%*

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

Our funding targets: operating expenses	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%

TOTAL	100%

ACTIVITY 2.1.8: BIODIVERSITY (PEST MANAGEMENT)

The Council runs programmes to control animal pests and weeds on the 3,000 plus hectares of open space land we own and manage.

Community outcome
This activity contributes towards the following outcomes:

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

Who Benefits?
Whole community *100%*

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

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

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

Who should pay?
Whole community *100%*

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

Our funding targets: operating expenses	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

ACTIVITY 2.1.9: WATERFRONT PUBLIC SPACE

This activity relates to the management and maintenance of the public space on the Wellington Waterfront, and includes the operation and maintenance of a wide range of assets which includes Wharves, Seawalls, Bridges, Parks, Promenades, laneways and lighting.

Community outcome
This activity contributes towards the following outcomes:

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

Who Benefits?

Whole community	*80%*
Individuals/users	*20%*

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

An activity that occurs on the waterfront that provides direct identifiable is the underground market. This activity does provide a private benefit and the user is charged directly.

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

Who should pay?

Whole community	*80%*
Individuals	*20%*

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

Our funding targets: operating expenses	
User charges	5%
Other revenue	15%
Targeted rate	0%
General rate	80%
TOTAL	100%

2.2 Waste Reduction and Energy Conservation

ACTIVITY 2.2.1: WASTE MINIMISATION, DISPOSAL AND RECYCLING MANAGEMENT

Draft for Consultation - not Council Policy

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

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

Community outcome
This activity contributes towards the following outcomes:

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

Who Benefits?

User	*90%*
Whole community	*10%*

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

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

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

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

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

Who should pay?

User	*100%*

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

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

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

Our funding targets: operating expenses	
User charges	100%
Other revenue	0%
Targeted rate	0%
General rate	0%
TOTAL	100%

ACTIVITY 2.2.2: CLOSED LANDFILLS AFTERCARE

We provide aftercare of our closed land fill sites.

Community outcome
This activity contributes towards the following outcome:

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

Who Benefits?
Whole community *100%*

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

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

Who should pay?

Whole community *100%*

Our funding targets: operating expenses	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

ACTIVITY 2.2.3: ENERGY EFFICIENCY AND CONSERVATION

One of the Council's long term aims is for it and Wellington to be more sustainable. This means that Wellington will reduce its environmental impact by making efficient use of energy, water, land and other resources; shifting towards renewable energy resources; conserving resources; and minimising waste.

Our immediate focus is on developing an energy management plan for the Council itself. This work will be supported by promotion of energy efficiency.

Community outcome
This activity contributes towards the following outcomes:

- *People-centred City* **-** developing funding partnerships with key stakeholders to insulate Wellington homes improves the health and the quality of life of Wellington residents.
- *Eco-city* - a focus on energy efficiency for the city's households and business will reduce costs and reduce its greenhouse gas emissions. Developing partnerships and encouraging policies for continued development of renewable energy in the city will be crucial for the Council's Eco-City aspirations.
- *Dynamic Centre City* **-** facilitating construction of Greenstar rated buildings in the city centre, energy efficiency retrofits of central city office buildings and businesses as well as the uptake of emerging "green" technologies will allow Wellington to showcase its Eco City credentials.

Who Benefits?
Whole community *100%*

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

It should also be noted that it is expected that the costs of this project will be met by savings over time.

Who should pay?
Whole community *100%*

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

Our funding targets: operating expenses	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

2.3 Water

ACTIVITY 2.3.1: WATER NETWORK

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

Community outcome
This activity contributes towards the following outcomes:

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

Who Benefits??

Identifiable parts of the community	*75%*
Whole community	*25%*

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

Who should pay?

Identifiable parts of the community:	
Base (residential) sector	*60%*
Commercial sector	*40%*

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

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

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

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

Our funding targets: operating expenses	
User charges	0%
Other revenue	0%
Targeted rate (Residential 60% Commercial 40%)	100%
General rate	0%
TOTAL	100%

ACTIVITY 2.3.2: WATER COLLECTION AND TREATMENT

Draft for Consultation - not Council Policy

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

Community outcome
This activity contributes towards the following outcomes:

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

Who Benefits?

Identifiable parts of the community	*75%*
Whole community	*25%*

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

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

Who should pay?
Identifiable parts of the community:

Base (residential) sector	*60%*
Commercial sector	*40%*

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

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

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

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

Our funding targets: operating expenses	
User charges	0%

Other revenue	0%
Targeted rate (Residential 60% Commercial 40%)	100%
General rate	0%
TOTAL	100%

2.4 Wastewater

ACTIVITY 2.4.1: SEWAGE COLLECTION AND DISPOSAL NETWORK

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

Community outcome
This activity contributes towards the following outcomes:

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

Who Benefits?

Identifiable parts of the community	*80%*
Whole community	*20%*

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

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

Who should pay?

Identifiable parts of the community:	
Base (residential) sector	*60%*
Commercial sector	*35%*
User charges	*5%*

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

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

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

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

Our funding targets

User charges	5%
Other revenue	0%
Targeted rate (Residential 60% Commercial 35%)	95%
General rate	0%
TOTAL	100%

ACTIVITY 2.4.2: SEWAGE TREATMENT

Sewage is treated at three plants: Moa Point, Karori, and Porirua. The waste treatment plants at Moa Point and Karori are financed by the Council and operated by United Water International. Sewage from Wellington's northern suburbs is transferred to the Porirua plant, in which the Council has a 27.6% stake. Once sewage is treated at Moa Point and Karori, waste water is piped into the Cook Strait and the sludge is taken to the Southern Landfill, where it is combined with green waste to make high-quality compost.

Community outcome
This activity contributes towards the following outcomes:

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

Who Benefits?

Identifiable parts of the community	*80%*
Whole community	*20%*

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

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

Who should pay?

Identifiable parts of the community:	
Base (residential) sector	*60%*
Commercial sector	*35%*
User	*5%*

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

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

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

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

Our funding targets: operating expenses	
User charges	5%
Other revenue	0%
Targeted rate (Residential 60%, Commercial 35%)	95%
General rate	0%
TOTAL	100%

2.5 Stormwater

ACTIVITY 2.5.1: STORMWATER MANAGEMENT

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

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

Community outcome
This activity contributes towards the following outcomes:

- *People-centred City* -a safe and reliable storm water network and effective maintenance and operation programmes prevents avoidable disruptions to community living and minimises the risk of injury and the risk of damage to property from storm water.

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

Who Benefits?

Identifiable parts of the community	*50%*
Whole community	*50%*

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

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

Who should pay?

Identifiable parts of the community:

Residential (urban) sector	*77.5%*
Commercial sector	*22.5%*

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

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

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

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

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

Our funding targets: operating expenses	
User charges	0%
Other revenue	0%
Targeted rate	

Draft for Consultation - not Council Policy

(Residential 77.5%	
Commercial 22.5%)	100%
General rate	0%
TOTAL	100%

2.6 Conservation Attractions

ACTIVITY 2.6.1: CONSERVATION VISITOR ATTRACTIONS

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

Community outcome
This activity contributes towards the following outcomes:

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

Who Benefits?

Individuals	*40%*
Whole community	*40%*
Identifiable part of the community	*20%*

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

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

Their existence is also of benefit to those who are not visitors generally but have the option of going.

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

Who should pay?

Whole community	*100%*

Each of these trusts operate separately from the Council. User charges, which in the case of the Zoo account for about 45 percent of the trust's income, reflect the private benefits to people who visit these facilities. These user charges do not appear in the Council's books.

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

Rates funding is also justified because these facilities contribute to the Council's long term goal that the city's high quality natural environment will attract visitors, residents and visitors.

Our funding targets: operating expenses	
User charges	0%

Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

Economic Development

Growing the regional economy for a prosperous community

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

Operating activities

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

Activity Area	Activity Grouping	Activity	Activity Component Name	User Fees	Other Income	Rates	General	Residential Target	Commercial Targeted	Downtown Targeted / Other
Economic Development	City promotions and business support	3.1.1	Wellington Regional Economic Development Agency (WREDA) and Venues	0%	0%	100%	20%	0%	30%	50%
		3.1.2	Wellington Convention Centre	0%	0%	100%	60%	0%	0%	40%
		3.1.3	Retail support (free weekend parking)	0%	0%	100%	0%	0%	0%	100%
		3.1.4	Wellington Economic Initiatives Development Fund (WEID) and Economic Grants	0%	0%	100%	100%	0%	0%	0%
		3.1.5	Major Projects	0%	0%	100%	100%	0%	0%	0%
		3.1.6	International relations	0%	0%	100%	100%	0%	0%	0%
		3.1.7	Business Improvement Districts	0%	0%	100%	0%	0%	100%	0%

Capital Expenditure

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

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

Draft for Consultation - not Council Policy

Economic development – activity funding commentary

3.1 City Promotions and Business Support

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

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

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

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

- A clear strategic focus
- A strong economic leadership that prioritises business success
- One voice when dealing with government, businesses, investors and research providers
- More effective use of resources and talent, and improved scale

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

- Major events – attracting and supports major events that bring visitors and extra spending to the city.
- Tourism promotions and marketing.
- Sector support and Destination Wellington to attract business, talent and investment to the Wellington region and accelerate economic growth.
- the costs incurred by the Council to own and maintain venue buildings (the Michael Fowler Centre, TSB Arena, St James Centre, and the Opera House).
- CBD free wifi to help establish the City's 'point of difference' and user experience through free public access Wi-Fi network.

Also included in this activity is the expenditure and revenues of promoting and operating the venues (which WREDA undertakes on behalf of Council). This specific activity is generally cost neutral.

Community outcome

This activity contributes towards the following outcomes:

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

Who Benefits?

Individuals	*45%*
Identifiable part of the community	*45%*
Whole Community	*10%*

The beneficiaries of this activity are principally the community as a whole and businesses - in particular businesses in the central city area where the majority of visitors spend most of their time and the majority of business activity occurs.

The activity benefits residents by providing jobs, raising incomes, providing a wider range of career choices, and making the city more vibrant and prosperous. The activity also benefits particular commercial sectors, such as education and creative industries, by boosting their profile and helping build the investor base and potential business partnerships in growing markets.

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

Individual users of the venues also derive considerable benefit. In most cases users themselves provide the funding for the benefits they derive. This is because the activities undertaken or facilitated at the council venues require users to pay for the private benefits they receive. For example, people attending a show, or an event that WREDA has brought to the city will need to pay an entry fee.

Overall, we estimate that around 45 percent of the benefits of this activity are captured by individual venue users and the associated expenditure is directly offset by user charges. It is estimated that the benefits from the balance of the expenditure accrue to a mix of the business community, the downtown businesses and the whole community.

Who should pay?

Users	*45%*
Identifiable part of the community	*45%*
Whole community	*10%*

Part of this activity includes the running of the Venues day to day operations, where users fully pay the cost of this activity and there is no rates funding requirement. As such in 2015/16, $14m of operational costs (excluding asset ownership costs) is offset by $14m of revenue. As the level of venue activity may change on a year to year basis, there is an underlying principle that any costs associated with the promotion or operating of venues is 100% user funded.

The balance of this policy is focussed on the remaining elements in the activity, and it is recommended that they should be 100% rates funded. This funding is proposed to be spread across the sectors that benefit. As WREDA is an amalgamation of existing Council activities, the current rates funding splits have been reviewed and subsequently the proposed rates funding split replicates the previous R & F policy. This approach attributes the main benefits to the business community and in particular the businesses in the CBD.

Our funding targets: operating expenses

User charges	0%
Other revenue	0%
Targeted rate (Commercial)	30%
Targeted rate (Downtown)	50%
General rate	20%
TOTAL	100%

ACTIVITY 3.1.2: WELLINGTON CONVENTION CENTRE

This activity relates to the recently approved Wellington Convention Centre project, currently under review, but is the first of the Big 8 Ideas which has been tested and approved through a business case and sits under the Economic Strategy.

This policy was consulted on as part of the Council's initial decision to support the initiative. The policy of 60% general rates and 40% DTL funding was proposed. This delivers a funding split of one third residential sector and two thirds commercial sector in terms of contribution to the cost.

Community outcome
This activity contributes towards the following outcomes:

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

Who Benefits?

Identifiable parts of the community	*40%*
Whole community	*60%*

The beneficiaries of this activity are predominantly the business sector through the protected and new expenditure in the economy, and flow on effects this will have to other indirect supporting services. However, an improved economy in the city does benefit all residents through improved employment opportunities, growth in demand to live and work in the city and the flow on effects that can have to property valuations and business opportunity.

It is therefore appropriate for economic development projects to be funded, in part, from the general rate to reflect the wider community benefits of an improved economy.

Who should pay?

Identifiable parts of the community	*40%*
Whole community	*60%*

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

Our funding targets: operating expenses	
User charges	0%
Other revenue	0%
Targeted rate (Downtown)	40%
General rate	60%
TOTAL	100%

Draft for Consultation - not Council Policy

ACTIVITY 3.1.3: RETAIL SUPPORT (FREE WEEKEND PARKING)

Under this activity the Council provides its car parks free on weekends to attract customers to the inner city. This forms part of a wider retail strategy.

Community outcome
This activity contributes towards the following outcomes:

- *People-centred City* - free weekend parking makes Wellington an attractive place to live and do business, and attracts thousands of shoppers to the city every weekend.
- *Dynamic Central City* – A thriving retail sector in the heart of the city is an important part of Wellington's appeal, and free parking at the weekends encourages residents and visitors into the city to shop.

Who Benefits?

Identifiable part of the community	*50%*
Individuals	*50%*

The direct beneficiaries of the free weekend parking policy are the people who get to make use of the parks. The other identifiable beneficiaries are the retailers, restaurants and other businesses located in the downtown area. Free parking brings people to the central city, where their spending benefits businesses.

Who should pay?

Identifiable part of the community	*100%*

The main purpose of this activity is to support businesses in the CBD, particularly in the retail and hospitality sectors, by encourage people into the city on weekends.

The main beneficiaries of the free weekend parking are downtown businesses. It is appropriate they should bear the cost of this policy. Free weekend parking will therefore be funded from the downtown targeted rate, which is a targeted rate assessed on businesses in the downtown area.

Our funding targets: operating expenses	
User charges	0%
Other revenue	0%
Targeted rate (Downtown)	100%
TOTAL	100%

ACTIVITY 3.1.4: WELLINGTON ECONOMIC INITIATIVES FUND (WEID) AND ECONOMIC GRANTS

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

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

Community outcome
This activity contributes towards the following outcome:

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

Who Benefits?
Whole community *100%*

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

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

Who should pay?
Whole community *100%*

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

Our funding targets: operating expenses	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

ACTIVITY 3.1.5: MAJOR PROJECTS – FUNDING ENVELOPE FOR POSSIBLE IMPLEMENTATION

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

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

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

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

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

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

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

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

- Airport runway extension
- Indoor arena
- Film museum
- Westpac stadium upgrade

Community outcome

This activity contributes towards the following outcome:

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

Who Benefits?

Whole community *100%*

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

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

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

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

Who should pay?
Whole community *100%*

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

Ultimately, as each potential project reaches the stage where the Council is completing the process of deciding to proceed to the implementation stage, part of the process will include consideration of what the particular Revenue & Financing policy should be for that specific project and in particular who should pay, based on the comprehensive information available at that stage.

Our funding targets: operating expenses	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

ACTIVITY 3.1.6: INTERNATIONAL RELATIONS

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

Community outcome
This activity contributes towards the following outcome:

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

Who Benefits?

Whole community	*50%*
Identifiable part of the community	*50%*

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

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

Who should pay?

Whole community	*100%*

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

Our funding targets: operating expenses	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

ACTIVITY 3.1.7: BUSINESS IMPROVEMENT DISTRICTS

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

Community outcome
This activity contributes towards the following outcome:

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

Who Benefits?

Whole community	*20%*
Identifiable part of the community	*80%*

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

Who should pay?

Identifiable part of the community	*100%*

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

Our funding targets: operating expenses	
User charges	0%
Other revenue	0%
Targeted rate (Commercial)	100%
General rate	0%
TOTAL	100%

Draft for Consultation - not Council Policy

Cultural Well-being

Shaping Wellington's unique identity

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

Operating activities

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

Activity Area	Activity Grouping	Activity	Activity Component Name	User Fees	Other Income	Rates	General	Residential Target	Commercial Targeted	Downtown Targeted / Other
Cultural Wellbeing	Arts and Cultural Activities	4.1.1	Galleries and museums (WMT)	0%	0%	100%	75%	0%	0%	25%
		4.1.2	Visitor attractions (Te Papa/Carter Observatory)	0%	0%	100%	30%	0%	0%	70%
		4.1.3	Arts and cultural festivals	0%	15%	85%	85%	0%	0%	0%
		4.1.4	Cultural grants	0%	0%	100%	0%	100%	0%	0%
		4.1.5	Access and support for community arts	0%	10%	90%	90%	0%	0%	0%
		4.1.6	Arts partnerships	0%	25%	75%	75%	0%	0%	0%
		4.1.7	Regional amenities	0%	0%	100%	100%	0%	0%	0%

Capital Expenditure

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

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

Cultural well-being – activity commentary

4.1 Arts and Cultural Activities

ACTIVITY 4.1.1: GALLERIES AND MUSEUMS

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

Community outcome
This activity contributes towards the following outcome:

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

Who Benefits?

Individuals	*70%*
Identifiable part of the community	*15%*
Whole community	*15%*

The individuals who attend the exhibitions and shows at the galleries and museums clearly benefit from their attendance.

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

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

Who should pay?

Whole community	*75%*
Downtown sector	*25%*

The Council funds the museums and galleries to encourage greater participation in the arts and because it believes that high quality cultural amenities add to a vibrant city life.

While there are clearly direct benefits to people who choose to visit the galleries and museums, the Council believes these are outweighed by the overall community benefit and the benefits that flow to the businesses in the downtown sector.

Our funding targets: operating expenses

User charges	0%
Other revenue	0%
Targeted rate (Downtown)	25%
General rate	75%
TOTAL	100%

ACTIVITY 4.1.2: VISITOR ATTRACTIONS (CARTER OBSERVATORY / TE PAPA)

Through this activity the Council funds attractions and facilities that bring visitors to the city. It includes an ongoing commitment to the Carter Observatory located at the top of the Cable Car and funding for Te Papa.

Community outcome
This activity contributes towards the following outcome:

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

How we approach funding this activity
The overarching purpose of this activity is to have visitor attractions. The principal expenditure under this activity is the funding which the Council provides to the Carter Observatory and Te Papa.

External attractions

Who Benefits?

Individuals	*50%*
Whole community	*30%*
Identifiable parts of the community	*20%*

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

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

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

Who should pay?

Identifiable parts of the community	*70%*
Whole community	*30%*

Though the main beneficiaries of this activity are the individuals who choose to visit Te Papa the observatory the Council does not believe it is viable or appropriate to charge them directly for these benefits.

There are strong arguments for the downtown sector to bear a portion of the cost of this activity as they benefit directly from the funding of this activity. The events and attractions bring people and visitors into the city. These people provide business for the retailers, and the wider hospitality sector in the city. The projects funded by this activity make major contributions to the Council's goal that Wellington will be a prime tourist destination.

Our funding targets: operating expenses	
User charges	0%
Other revenue	0%
Targeted rate (Downtown)	70%
General rate	30%
TOTAL	100%

ACTIVITY 4.1.3: ARTS AND CULTURAL FESTIVALS

The Council runs and supports artistic and cultural events that encourage Wellingtonians to get out and enjoy themselves. These include Summer City, the Sky Show, the Diwali festival and more than 70 other events, all of which are provided free to the public.

We aim to use the Civic Square as the stage for a large number of these events. As the civic and cultural heart of the city the Square offers a safe and accessible venue.

Community outcome

- *People-centred City* –cultural festivals shape Wellington's sense of identity. They bring people together and celebrate creativity.
- *Connected City* **–** festivals provide ideas and places where people can connect, share what is common and explore what is different and new. They connect us with people, places and ideas from here and abroad.
- *Dynamic Central City* **–** museums festivals enhance Wellington's vibrancy as a diverse, inclusive, creative, active and eventful place attractive to residents

Who Benefits?

Whole community *100%*

While the people attending these events obviously benefit from the enjoyment they receive, the events are generally run outdoors in public areas making it impossible to identify individual beneficiaries. The benefits, in any case, are not exclusive.

There are generally no limits on the number of people who attend these events and, as the intention is to encourage participation, it would not be appropriate or acceptable to charge for entry.

The principal benefits are to the community as a whole. These events bring people together, encouraging community identity and cohesion. They help build a sense of pride in the city and add to Wellington's reputation as an "events capital". Many events attract people to the city centre, bringing economic benefits.

Who should pay?

Whole community *100%*

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

The Council receives significant sponsorship for this activity from organisations such as the New Zealand Community Trust.

Our funding targets: operating expenses	
User charges	0%
Other revenue	15%
Targeted rate	0%
General rate	85%
TOTAL	100%

ACTIVITY 4.1.4: CULTURAL GRANTS

The Council maintains a cultural grants pool to allow community organisations access to funding.

Community outcome
This activity contributes towards the following outcome:

- *People-centred City* –cultural grants support the creative sector of Wellington ensuring that the city is lively and full of festivals, performances and shows throughout the year.
- *Dynamic Central City* **–**cultural grants support Wellington cultural institutions that are integral to our cultural and events capital status. They provide shows and performances that make the central city a lively place to visit, play and do business**.**

Who Benefits?

Individuals and identifiable part of the community	*50%*
Whole community	*50%*

The direct beneficiaries of this activity are the individuals and groups who receive funding. The grants provide them with opportunities for artistic and cultural expression. This activity gives individuals the opportunity to participate, even though they may choose not to. Though these benefits are private, they are not exclusive – all residents are able to apply for funding.

Funding cultural initiatives also benefits all city residents by making the city a more vibrant place, enhancing community identity, and contributing to the city's reputation as New Zealand's arts and culture capital.

Who should pay?

Whole community	*100%*

The purpose of this activity is to add to the mix of cultural events in the city and to encourage participation. Clearly, this means that someone other than the grant recipients has to pay. This activity has no benefit, economic or otherwise, to the commercial sector. Funding is directed to residents, and as such, the Council believes it is appropriate to fund the cost of this activity from rates targeted to the residential sector.

The people and groups who receive funding also contribute their own resources to initiatives that benefit the city's cultural and social well-being.

Our funding targets: operating expenses

User charges	0%
Other revenue	0%
Targeted rate (Residential)	100%
General rate	0%
TOTAL	100%

ACTIVITY 4.1.5: ACCESS AND SUPPORT FOR COMMUNITY ARTS

This activity covers the wide range of community arts programmes that the Council runs every year. It also covers a subsidy for non-profit community groups using the Wellington Venues. This ensures the venues are open to a wide range of organisations.

Community outcome
This activity contributes towards the following outcomes:

- *People-centred City* –support for community arts programmes and venue supports Wellington's creative communities to put on festivals, performances and shows throughout the year.

Who Benefits?

Whole community	*50%*
Individuals	*50%*

Both the individuals that take part in the arts programmes and the non-profit groups that make use of the venue subsidy directly benefit from this activity. But the activity also benefits the community as a whole. The arts programmes are open events and the groups who are supported by the subsidy help make the city a vibrant place and foster cultural identity.

Who should pay?

Whole community	*90%*
Identifiable parts of the community	*10%*

The purpose of this activity is to promote tolerance and, celebrate through the arts, people's differences to create a sense of belonging. The provision of the community arts programme eliminates cost as a barrier as does the venue subsidy. Clearly, the cost of this support has to be met elsewhere. The Council believes the cost is most appropriately funded from general rates.

Our funding targets: operating expenses

User charges	0%
Other revenue	10%
Targeted rate	0%
General rate	90%
TOTAL	100%

ACTIVITY 4.1.6: ARTS PARTNERSHIPS

The Council maintains a number of partnerships with artistic organisations that call Wellington home.

The Council also houses a number of independent artists, art organisations, music studios and a gallery at the Toi Poneke Arts Centre, which is covered by this activity. This activity also includes the public art fund which is used to manage the city's art collection and support public art exhibitions

Community outcome
This activity contributes towards the following outcomes:

- *People centred City* **–** Our partnership with organisations such as the NZ Symphony Orchestra means residents have the option of attending concerts on a regular basis, and have far greater access to top-class music than would otherwise be the case. The Toi Poneke Arts Centre provides places where people can connect, and share creative ideas.
- *Dynamic Central City* **-** We support these institutions as they build on the city's reputation as New Zealand's arts and culture capital and they attract thousands of visitors to the city. Public sculpture and art displays, and exhibitions add to the vibrancy and liveability of the city.

Who Benefits?

Identifiable part of the community	*60%*
Whole community	*30%*
Downtown sector	*10%*

The artists and organisations are clearly direct beneficiary of these partnerships. These benefits are private and exclusive to the extent that the Council's support cannot be transferred.

The community also benefits from this activity in many ways. Through our support we help ensure these organisations remain viable and based in Wellington. In the example of the orchestra this means the city is home to one of the nation's foremost arts institutions, which contributes to Wellington's vibrancy and its image as a creative city. It also means residents have the option of attending concerts on a regular basis, and have far greater access to top-class music than would otherwise be the case.

These partnerships add to the city's exceptional range of artistic and cultural amenities that cater to all tastes, which in turn add to an environment that fosters a vibrant city life and boosts the local economy.

Who should pay?

Whole community	*75%*
Individuals	*25%*

The overall aim of this activity is to encourage greater engagement and participation in the arts. By supporting these organisations and artists we are ensuring that their work continues and can be experienced by residents and visitors. The Council believes that the majority of the cost is most appropriately funded from general rates.

It is also considered appropriate that those artists that are housed at the Toi Poneke Arts Centre should make a contribution to the cost of the space that they have exclusive use over.

Our funding targets: operating expenses	
User charges	0%

Draft for Consultation - not Council Policy

Other revenue	25%
Targeted rate	0%
General rate	75%
TOTAL	100%

ACTIVITY 4.1.7: REGIONAL AMENITIES FUND

The Wellington Regional Amenities Fund has been set up to support eligible entities of regional significance with day-to-day operational expenses and new innovative projects that will achieve identified priorities for the region.

The fund is focused on arts, cultural and environmental attractions and events to support and add to the attractiveness and vitality of the Wellington region.

The fund is a partnership between Wellington City Council, Hutt City Council, Upper Hutt City Council, Masterton District Council and Kapiti District Council.

Community outcome
This activity contributes towards the following outcomes:

- *People centred City* **–** arts, culture and environmental attractions and events make Wellington a more attractive place to live and do business, and attract thousands of visitors to the city every year.
- *Connected City* – attractions and events provide ideas and places where people can connect and explore what is different and new, from both here and overseas.
- *Dynamic Central City* **–** arts, culture and environmental attractions and events anchor Wellington's appeal as a place of creativity, exploration, innovation, and excitement. They also enhance Wellington's vibrancy as a diverse, active and eventful place attractive to visitors.
- *Eco City* – environmental attractions and events raise awareness of environmental issues and improves environmental outcomes.

Who Benefits?

Identifiable part of the community	*0%*
Whole community	*100%*

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

The community as a whole benefits in a number of ways. They have the opportunity to enjoy high-quality art, cultural and environment attractions and events that arguably won't happen without the Council's support which contributes to social cohesion as they are an opportunity for people to mix together.

They also serve the business sector because some of the attractions and events funded by this activity will be located in Wellington City. They bring people into the city, providing customers for city businesses as well as enhancing Wellington City's place as New Zealand's arts capital, attracting people to the City to live, work and play.

Who should pay?

Whole community	*100%*
Individuals	*0%*

Our funding targets: operating expenses	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

Social and Recreation

Building strong, safe and healthy communities for a better quality of life

A city is only as strong as its people. Wellington is built on strong communities. It's a safe city where people have plenty of opportunities to fulfil their potential and engage with each other. As the city's biggest provider of recreation facilities and social housing, we aim to promote healthy lifestyles and build strong communities.

Operating activities

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

Activity Area	Activity Grouping	Activity	Activity Component Name	User Fees	Other Income	Rates	General	Residential Target	Commercial Targeted	Downtown Targeted / Other
Social and Recreation	Recreation promotion and support	5.1.1	Swimming Pools	38%	0%	62%	62%	0%	0%	0%
		5.1.2	Sportsfields	10%	0%	90%	90%	0%	0%	0%
		5.1.3	Sportsfields (Synthetic)	40%	0%	60%	60%	0%	0%	0%
		5.1.4	Recreation Centres	25%	0%	75%	75%	0%	0%	0%
		5.1.5	Recreation partnerships	0%	0%	100%	0%	100%	0%	0%
		5.1.6	Playgrounds	0%	0%	100%	100%	0%	0%	0%
		5.1.7	Marinas	100%	0%	0%	0%	0%	0%	0%
		5.1.8	Golf Course	40%	0%	60%	60%	0%	0%	0%
		5.1.9	Recreation programmes	5%	0%	95%	95%	0%	0%	0%
	Community support	5.2.1	Libraries	10%	0%	90%	90%	0%	0%	0%
		5.2.2	Access support (Leisure Card)	0%	0%	100%	100%	0%	0%	0%
		5.2.3	Community advocacy	0%	0%	100%	0%	100%	0%	0%
		5.2.4	Grants (Social and Recreation)	0%	0%	100%	100%	0%	0%	0%
		5.2.5	Housing	100%	0%	0%	0%	0%	0%	0%
		5.2.6	Community centres and halls	5%	0%	95%	0%	95%	0%	0%
	Public health and safety	5.3.1	Burials and cremations	50%	0%	50%	50%	0%	0%	0%
		5.3.2	Public toilets	0%	0%	100%	100%	0%	0%	0%
		5.3.3	Public health regulations	60%	0%	40%	40%	0%	0%	0%
		5.3.4	City safety	0%	0%	100%	100%	0%	0%	0%
		5.3.5	WREMO	5%	0%	95%	95%	0%	0%	0%

Capital Expenditure

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

Social and recreation capital expenditure projects are funded through a combination of grants/subsidies, rates funded depreciation and borrowings.

Draft for Consultation - not Council Policy

Social and recreation – activity commentary

5.1 Recreation Promotion and Support

ACTIVITY 5.1.1: SWIMMING POOLS

This activity covers the cost of providing the Council's seven swimming pools: Wellington Regional Aquatic Centre (Kilbirnie); Freyberg Pool (Oriental Bay); Karori Pool; Thorndon Pool; Khandallah Pool; Keith Spry Pool (Johnsonville); and Tawa Pool.

Community outcome
This activity contributes towards the following outcomes:

- *People-centred City* - they provide access to sport and recreation opportunities which is important for people's health and wellbeing.
- *Connected City* – they bring people together, strengthening social cohesion, and the city becomes a more appealing place for people to live.

Who Benefits?

Individuals	*80%*
Whole community	*20%*

Our swimming pools mainly benefit the people who use them. These people gain access to high-quality facilities for recreation, fitness and relaxation. The benefits are private and exclusive. It is appropriate and acceptable to charge people to use the pools.

However, there are also benefits to the community as a whole. By providing recreation facilities, the pools help increase the overall levels of residents' health, providing economic and social benefits. Pools provide important community focal points as well as health and recreation programmes that bring people together.

Most people regard the pools as important facilities and are prepared to contribute to the costs through their rates. Many people also like to have the option of using the pools even if they do not choose to do so.

Who should pay?

Whole community	*62%*
Individuals	*38%*

While individuals receive the direct benefits, the Council believes it is appropriate for the community as a whole to bear half of the costs of running the city's swimming pools.

The benefits to the community as a whole and the widespread community support for the facilities justify a significant ratepayer contribution. Though there are other pools in the city, the Council-operated ones are unique for the size and scale of their operations; they are not in direct competition with the private sector and can legitimately be seen as public facilities.

It would not be desirable to raise fees to levels that discouraged people from using them or provided barriers to people on low incomes.

Our funding targets: operating expenses	
User charges	38%
Other revenue	0%
Targeted rate	0%
General rate	62%
TOTAL	100%

ACTIVITY 5.1.2: SPORTS FIELDS

This activity covers the costs of providing the city's sports fields, excluding artificial surfaces. These provide year-round venues for recreation and competitive sport for people of all ages.

Community outcome
This activity contributes towards the following outcomes:

- *People-centred City* - they provide access to sport and recreation opportunities which is important for people's health and wellbeing.
- *Connected City* **–** they bring people together, strengthening social cohesion, and the city becomes a more appealing place for people to live.

Who Benefits?

Individuals	*30%*
Identifiable part of the community	*30%*
Whole community	*40%*

The city's sports fields provide significant benefits for private individuals and sports clubs. For individuals, they provide facilities for recreation, fitness and relaxation. These benefits are private and partially exclusive. While the fields are booked out at certain times for organised sports such as club football, they are also often available for members of the public to use for informal recreation.

The Council estimates individual people receive about 30 percent of the benefits from sports fields and sports clubs receive about the same benefit.

The sports fields also benefit the community as a whole. By providing recreation facilities they help increase the overall levels of residents' health, providing economic and social benefits. They also provide important community focal points. Most people recognise them as important facilities and are prepared to contribute to the costs through their rates.

Who should pay?

Whole community	*90%*
Individuals	*10%*

While individuals receive significant direct benefits, the Council believes it is appropriate for the community as a whole to bear most of the costs of operating the city's sports fields.

The benefit to the community as a whole and the widespread community support for the facilities justifies a ratepayer contribution. The Council-operated sports fields are not in competition with private sector providers and can legitimately be seen as public facilities.

It is not always possible or desirable to identify individual users. While sports clubs who book sports fields can be identified and are charged, many other people use the fields informally and cannot be charged. It would not be desirable to raise fees to levels that discouraged organised sports. Nor would it be desirable to raise fees to levels that provided barriers to people on low incomes taking part in organised sports.

Our funding targets: operating expenses	
User charges	10%
Other revenue	0%
Targeted rate	0%
General rate	90%
TOTAL	100%

ACTIVITY 5.1.3: SPORTS FIELDS (SYNTHETIC)

This activity covers the costs of providing the city's synthetic turf sports fields, including their artificial surfaces. These provide year-round venues for recreation and competitive sport for people of all ages.

Community outcome
This activity contributes towards the following outcomes:

- *People-centred City* **-** they provide access to sport and recreation opportunities which is important for people's health and wellbeing.
- *Connected City* – they bring people together, strengthening social cohesion, and the city becomes a more appealing place for people to live.

Who Benefits?

Individuals	*40%*
Identifiable part of the community	*40%*
Whole community	*20%*

Synthetic turf sports fields provide significant benefits for private individuals and sports clubs. For individuals, they provide facilities for recreation, fitness and relaxation. These benefits are private and mainly exclusive. It is appropriate to charge people to use the facilities.

Council officers estimate individuals receive about 40% of the benefits from the synthetic turf sports fields and sports clubs receive 40%.

There are also benefits to the community as a whole from our provision of synthetic turf sports fields. These facilities help increase overall levels of residents' health, providing economic and social benefits. They also provide community focal points and recreation programmes that bring people together.

Who should pay?

Whole community	*60%*
Individuals	*40%*

While it is individuals and sports clubs that receive most of the benefits, it is appropriate for the community as a whole to bear some of the costs of operating the city's synthetic turf sports fields.

A synthetic turf sports field's weekly hourly usage is only restricted by demand and resource consent limitations regarding the hours of use of flood lighting. This is in contrast to a conventional pitch which has a limited number of recommended hours of use (5-6hrs for soil with drainage, 10-12hrs for sand carpet) in order to allow the pitch to recover. Synthetic turf also provides a higher level of service due to all weather accessibility and consistent playing performance.

Our funding targets: operating expenses	
User charges	40%
Other revenue	0%
Targeted rate	0%
General rate	60%
TOTAL	100%

ACTIVITY 5.1.4: RECREATION CENTRES (INCLUDING ASB SPORTS CENTRE)

This activity covers the costs of providing the Council recreation centres in Karori, Kilbirnie, Khandallah (Nairnville), Tawa and the ASB Sports Centre. These multi-purpose centres provide a range of recreational opportunities while also helping build a sense of community. They host inter-club competitive leagues and social leagues as well as college, intermediate and primary school sport.

Community outcome
This activity contributes towards the following outcomes:

- *People-centred City* - they provide access to sport and recreation opportunities which is important for people's health and wellbeing.
- *Connected City* **–** they bring people together, strengthening social cohesion, and the city becomes a more appealing place for people to live.

Who Benefits?

Individuals	*80%*
Whole community	*20%*

Our recreation centres mainly benefit the people who use them. These people gain access to high-quality facilities for sports, recreation and fitness. These benefits are private and exclusive. It is appropriate and acceptable to charge people to use the centres.

However, there are also benefits to the community as a whole from our provision of recreation centres. These facilities help increase overall levels of residents' health, providing economic and social benefits. Recreation centres also provide community focal points and recreation programmes that bring people together.

Who should pay?

Whole community	*75%*
Individuals	*25%*

While individuals receive most of the benefits, the Council believes it is appropriate for the community as a whole to bear most of the costs of running the city's recreation centres.

The benefit to the community and the significant role these centres play in their local areas justifies a significant ratepayer contribution. The accumulated health benefits to the community as a whole from organised and recreational physical activities at their centres also suggests the whole community should bear the majority of the cost.

In addition, it would not be desirable to raise fees to levels that discouraged people from using the centres or provided barriers to people on low incomes. Ability to pay issues limits the opportunity to recover the cost of this activity through user charges.

Our funding targets: operating expenses	
User charges	25%
Other revenue	0%
Targeted rate	0%
General rate	75%
TOTAL	100%

ACTIVITY 5.1.5: RECREATION PARTNERSHIPS

The Council maintains relationships with a number of groups that seek to provide publicly accessible facilities that contribute to both passive and active recreation.

Community outcome
This activity contributes towards the following outcomes:

- *People-centred City* **–** this activity supports access to sport and recreation opportunities which is important for people's health and wellbeing.
- *Connected City* – this activity bring people together, strengthening social cohesion, and the city becomes a more appealing place for people to live.

Who Benefits?

Individuals	*80%*
Whole community	*20%*

The organisations we fund and the people that take part in their programmes also receive direct benefits.

Through the development of recreational partnerships, the Council aims to promote the benefits of sport and recreation to Wellingtonians. This has benefits for residents' overall levels of health and fitness, which in turn helps economic and social well-being. In addition, by supporting recreation partners, the city receives the economic benefits from having sport and recreation organisations located here.

Who should pay?

Whole community	*100%*

While the individuals who choose to access these facilities receive some benefits, the Council believes it is appropriate for the residential sector to bear the costs of our recreation partnerships.

The Council is just one source of funding for its recreation partners. The Council's contribution represents the public benefits to Wellington residents while the other funding sources represent the private benefits to participants and other organisations.

In this context the benefits to the community clearly outweigh the benefits to individuals. These benefits include healthier lifestyle and overall additions to social wellbeing.

Our funding targets: operating expenses	
User charges	0%
Other revenue	0%
Targeted rate (Residential)	100%
General rate	0%
TOTAL	100%

ACTIVITY 5.1.6: PLAYGROUNDS

The Council provides more than 100 neighbourhood playgrounds across the city to give families a safer place to play near home. This activity covers the cost of providing those.

Community outcome
This activity contributes towards the following outcomes:

- *People-centred City* – this activity supports access to recreation opportunities and physical play for younger people which is important for their development and their health and wellbeing.
- *Connected City* – these facilities bring people together, are a place where parents with young children connect and provide support, and makes the city a more appealing place for people to live.

Who Benefits?

Individuals	*80%*
Whole community	*20%*

The city's playgrounds provide safe, entertaining places for children to play. The benefits to the children and their families are significant. These benefits are private but not exclusive. It would not be desirable or acceptable to charge people for using playgrounds. The Council's playgrounds policy states that access to playgrounds is a basic right of all children.

The playgrounds also benefit the community as a whole. Playgrounds not only encourage recreation and healthy lifestyles but are also important community focal points. Most people recognise them as important facilities and are prepared to contribute to the costs through their rates.

Who should pay?

Whole community	*100%*

While individuals receive significant direct benefits, the Council believes it is appropriate for the community as a whole to bear the costs of running the city's playgrounds.

Even if the individual beneficiaries could be identified it would not be desirable or acceptable to charge them. The Council believes access to playgrounds is a fundamental right for children.

The benefits to the community as a whole and the widespread community support for the playgrounds justifies ratepayer funding. The Council believes the vast majority of ratepayers would strongly support ratepayer funding of this activity. The playgrounds are public facilities and are not in competition with private sector providers.

Playgrounds make a significant contribution to our goal that Wellington will offer excellent access to a sound social infrastructure that supports high levels of social cohesion.

Our funding targets: operating expenses	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

ACTIVITY 5.1.7: MARINAS

The Council owns two marinas at Evans Bay and Clyde Quay. These provide private storage facilities for boat owners as well as supporting the recreational activities of a large number of boat owners. This activity covers the cost of providing these.

Community outcome
This activity contributes towards the following outcomes:

- *People-centred City* – this activity supports access to the harbour and the coast for recreation, fishing and enjoyment

Who Benefits?
Individuals *100%*

The marinas benefit the people who use them by providing boat sheds for safe storage, moorings and access by marina piers. These benefits are private and exclusive and it is appropriate and acceptable to charge for this service.

Who should pay?
Individuals *100%*

As identifiable individuals receive private benefits from this activity, it is appropriate for them to meet the costs. The benefits accrue to a narrow sector of the community who use these facilities and the user charges are set at appropriate market rates.

Our funding targets: operating expenses	
User charges	100%
Other revenue	0%
Targeted rate	0%
General rate	0%
TOTAL	100%

ACTIVITY 5.1.8: GOLF COURSE

This activity covers the costs of providing the city's municipal golf course

Community outcome
This activity contributes towards the following outcomes:

- ***People-centred City –*** this activity supports access to sport and recreation opportunities which is important for people's health and wellbeing.
- *Connected City* **–** this activity brings people together, strengthening social cohesion, and makes the city a more appealing place for people to live.

Who Benefits?

Individuals	*40%*
Whole community	*20%*
Identifiable parts of the community	*40%*

The city's municipal golf course provides significant benefits for private individuals and the club itself. For individuals, they provide facilities for recreation, fitness and relaxation. These benefits are private and partially exclusive. While the course is booked out at certain times for organised club competitions, they are also often available for members of the public to use for informal recreation.

The Council estimates individual people receive about 60 percent of the benefits from the golf course.

The golf course also benefits the community as a whole. By providing recreation facilities it helps increase the overall levels of residents' health, providing social benefits. It also provides an important community focal point.

Who should pay?

Whole community	*60%*
Individuals	*40%*

While individuals receive significant direct benefits, the Council believes it is appropriate for the community as a whole to bear some of the costs of operating the city's municipal golf course, the main reason being that the golf course is located on townbelt land with free public access to the area.

The benefit to the community as a whole and the widespread community support for the facilities justifies a ratepayer contribution. The Council-operated municipal golf course is in competition with private sector providers and can legitimately be seen as public facilities.

Our funding targets: operating expenses

User charges	40%
Other revenue	0%

Targeted rate	0%
General rate	60%
TOTAL	100%

ACTIVITY 5.1.9: RECREATION PROGRAMMES

The Council organises programmes to encourage people into leisure activities. These include organised walks and recreation programmes such as KiwiTri and Artsplash aimed at children. This activity covers the cost of providing those.

Community outcome

This activity contributes towards the following outcomes:

- *People-centred City* **–** this activity supports access to sport and recreation opportunities which is important for people's health and wellbeing.
- *Connected City* – this activity brings people together, strengthening social cohesion, and makes the city a more appealing place for people to live.

Who Benefits?

Individuals	*50%*
Whole community	*50%*

The Council's recreation programmes benefit the individuals who take part by providing them with access to recreation and leisure opportunities. The programmes not only promote health but can also boost participants' overall sense of well-being.

The recreation programmes also benefit the community as a whole. They not only encourage recreation and healthy lifestyles but also operate as community events, helping bring people together. The programmes are targeted at people who may have difficulty organising their own recreation activities.

Who should pay?

Whole community	*95%*
User	*5%*

While individuals receive significant direct benefits, the Council believes it is appropriate for the community as a whole to bear the costs of running these programmes.

The benefits to the community as a whole justify ratepayer funding and it would not be desirable to impose fees as that may discourage participation and provide barriers to people on low incomes taking part.

Sponsorship funding for the Push Play programme has been discontinued from 2009/10, resulting in the ceasing of the programme. As this was the major funding source for this activity, this has lowered the non-rates funding proportion from 25%, and we reflect this in our overall funding target.

Our funding targets: operating expenses

User charges	5%
Other revenue	0%
Targeted rate	0%
General rate	95%
TOTAL	100%

5.2 Community support

ACTIVITY 5.2.1: LIBRARIES

The Council provides a network of libraries including the Central Library, branch libraries, and a highly-popular website.

Community outcome
This activity contributes towards the following outcomes:

- *People-centred City* - libraries are more than just places to borrow books. They are neighbourhood institutions that anchor community life and bring people together.
- *Connected City* - libraries are places of learning and allow readers to connect with others and exchange knowledge.

Who Benefits?

Individuals	*80%*
Whole community	*20%*

Libraries mainly benefit the people who use them. These people gain free or low-cost access to books, videos, magazines, music and other items. The breadth of the network means that the services it provides are easily accessed by those opting to use it. They use these services for recreation or business and to enhance their knowledge and overall well-being.

We monitor the use of libraries. Our indicators suggest that the vast majority of use is for recreational and personal use while up to 30 percent is in part used for business purposes.

The libraries also provide significant benefits to the community as a whole. By providing access to information, the libraries enhance the overall levels of skill and knowledge in the city, providing economic and social benefits. They act as important community centres. And they host events and outreach services that bring people together, as well as information for immigrants and information about local communities and their history.

The library network adds to residents' quality of life. The vast majority of Wellingtonians are library members or users - even those who are not regular users generally like to have the option of using library services. The branch libraries draw people in to suburban centres bringing vitality to those areas and added custom to local businesses. The Central Library is a significant city landmark which contributes to civic pride.

Who should pay?

Whole community	*90%*
Individuals	*10%*

While individuals receive many of the direct benefits, the Council believes it is appropriate that most of the cost of running libraries should be met by the wider community. Some user charges will apply for some 'added' services and through penalty fines for late returns.

The community benefits as a whole and the widespread community support for the facilities justifies a significant ratepayer contribution. Libraries are among the most popular of Council services and there is strong support for them to be free at the point of use. The libraries are significant public facilities that are not in direct competition with the private sector.

It would not be desirable to raise fees to levels that discouraged people from using the library services or provided barriers to people on low incomes. It would not be desirable or acceptable to impose user charges for entry to the libraries or basic book lending services.

Fees are imposed on services that are provided in addition to the core services of the library. For instance modest fees apply for the rental of videos. Penalty fees also apply to the late return of items.

Since the vast majority of residents are also library users, the application of a uniform targeted rate is considered an effective way of funding the portion of the service that is known to be used by residents.

As it is not possible to distinguish a direct beneficiary of the remaining portion of users, it is considered fair and efficient that a significant portion of the library service be paid for by the whole community.

Our funding targets: operating expenses	
User charges	10%
Other revenue	0%
Targeted rate	0%
General rate	90%
TOTAL	100%

ACTIVITY 5.2.2: ACCESS SUPPORT (LEISURE CARD)

The Council offers discounted access to recreation facilities for holders of our Passport to Leisure card, which is issued free to all residents on low incomes.

Community outcome
This activity contributes towards the following outcomes:

- *People-centred City – we* provide subsidised access to our recreation programmes and facilities through our Leisure Card programme to encourage active and healthy lifestyles for all Wellingtonians without unreasonable hardship.

Who Benefits?

Individuals	*75%*
Whole community	*25%*

The Passport to Leisure programme benefits individual participants by giving them affordable access to recreation and leisure opportunities. The programme helps boost participants' health, fitness and overall well-being.

The programme also benefits the wider community by encouraging healthy lifestyles, which enhances social and economic well-being. It adds to social cohesion by reducing barriers to people on low incomes.

Who should pay?

Whole community	*100%*

While the programme mainly benefits individuals the Council believes it is appropriate for the whole community to share the costs.

The programme is aimed at increasing access to recreation and leisure for people on low incomes, by making facilities available at reduced cost. Clearly, this means someone else has to pay. The benefits to all wider community justify the costs being drawn from the general rate.

This programme makes a significant contribution to the Council's goal that Wellington residents will be more actively engaged in their communities, and in recreation and leisure activities.

Our funding targets: operating expenses	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

ACTIVITY 5.2.3: COMMUNITY ADVOCACY

We encourage people to contribute to their community and participate in city activities. Our City Communities advisors support a wide range of community groups such as senior citizens, Māori, youth, Pacific Islanders, refugees and migrants, and people with disabilities. This work aims to ensure that Wellington's diverse population is supported and embraced by a tolerant, caring and welcoming community.

Community outcome

This activity contributes towards the following outcomes:

- *People-centred City - we* support the development of individual wellbeing, safe neighbourhoods and cohesive, engaged and inclusive communities.
- *Connected City – we* help people and communities connect and engage with each.

Who Benefits?

Whole community	*60%*
Individuals	*40%*

The projects funded under this activity benefit all Wellington residents. They strengthen people's sense of identity, and enhance community cohesion and social well-being. Some projects, such as provision of concerts and other youth activities, may help prevent crime and improve public safety.

There are also some private benefits from these activities. The very nature of this work is targeted towards discrete communities. However while the support we provide to these individuals or groups may be tailored to their needs often this will not constitute a greater level of service than that provided to the wider community. For instance tailoring a consultation document for someone who is blind allows that person to contribute to the same extent as those that are sighted.

Who should pay?

Whole community	*100%*

The Council believes it is appropriate to fund the majority of costs for this activity from rates targeted to the residential sector. This is because the benefits accrue to all residents.

Our funding targets: operating expenses

User charges	0%
Other revenue	0%
Targeted rate (Residential)	100%
General rate	0%
TOTAL	100%

ACTIVITY 5.2.4: GRANTS (SOCIAL AND RECREATION)

The Council maintains four grants pools. This activity covers the grants to community groups and organisations whose projects seek to promote recreational activity and overall social wellbeing. The grants process is overseen by a subcommittee of Council.

Community outcome
This activity contributes towards the following outcome:

- *People-centred City* - our grants support community groups that promote individual wellbeing, safe neighbourhoods and cohesive, engaged and inclusive communities. The grants also support active and healthy lifestyles through support of recreation and sporting groups.

Who Benefits?

Identifiable part of the community	*50%*
Whole community	*50%*

The groups and organisations that receive grants clearly benefit from this activity. But the community as a whole also benefits. The grants pool itself is not exclusive - it is open so that anyone has the opportunity to apply. And the projects of the successful applicants will have flow on benefits for the community.

Who should pay?

Whole community	*100%*

While grants recipients benefit directly from this activity seeking to recoup the cost from them would defeat the purpose of the grants pool. Given this and that there are benefits to the community as a whole, the Council believes the fairest and most effective way to fund it is from general rates.

Our funding targets: operating expenses

User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

ACTIVITY 5.2.5: HOUSING

The Council owns over 2000 housing units, which we rent to low income people whose housing needs are not met by the private sector. We allocate these homes according to need. Tenants are charged 70 percent of the estimated market rent for their property.

Community outcome
This activity contributes towards the following outcome:

- ***People-centred City*** **-** they provide an opportunity for a home and a better quality of life for those less well-off without unreasonable hardship.

Who Benefits?

Individuals	*90%*
Whole community	*10%*

The main beneficiaries of this activity are the tenants, who receive accommodation at below market rent. Their benefits are private and exclusive. While the Council's rental housing units are aimed at meeting needs that the market does not or cannot meet, to some extent these housing units are in competition with properties provided by private landlords.

However, there are also some benefits to the community as a whole. By providing homes for people who otherwise may be unable to afford them, the Council also contributes to community cohesion and may have benefits for public health and safety.

Who should pay?

Individuals	*100%*

As the main beneficiaries, it is appropriate for tenants to pay most or all of the costs involved in providing community housing. The Council's current policy is to provide homes at 70 percent of market rental. The Community Housing activity is ring-fenced with user charges through rental income funding 100% of operating expenses. The opportunity cost of not obtaining market rentals is not included in this funding analysis.

Our funding targets: operating expenses

User charges	100%
Other revenue	0%
Targeted rate	0%
General rate	0%
TOTAL	100%

ACTIVITY 5.2.6: COMMUNITY CENTRES AND HALLS

The Council owns 15 community centres and halls, and support another six community-owned centres. These centres provide places for people to hold meetings and other events. Eight of them also provide locations for crèches.

We also maintain an accommodation assistance fund that provides community groups with access to subsidised office space.

Community outcome
This activity contributes towards the following outcome:

- *People-centred City* **–** these facilities are important anchors in our communities. They are places for groups to come together, strengthening social cohesion, and making the city a more appealing place for people to live.

Who Benefits?

Individuals and identifiable part of the community	*60%*
Whole community	*40%*

The people and groups who use community facilities receive a clear and direct benefit. Though the facilities are available to all, this benefit is private and exclusive – only one group can use a room in a community centre at any one time.

However, the provision of these facilities also has benefits for the wider community. Not only do the facilities help bring people together, the groups that use them often make significant voluntary contributions to community well-being.

Who should pay?

Individuals and identifiable part of the community	*5%*
Whole community	*95%*

The purpose of providing these facilities is to encourage community groups and support the benefits they bring to the city. Clearly, this means someone other than the people using the facilities has to bear most of the costs. The Council believes it is appropriate to fund this activity mostly from rates targeted to the residential sector.

However it is also fair and reasonable that the people and groups using these spaces and offices meet some part of the costs by paying fees. These should be kept at nominal levels as charging more would mean some people and groups could not afford to use the facilities.

Our funding targets: operating expenses	
User charges	5%
Other revenue	0%
Targeted rate (residential)	95%
General rate	0%
TOTAL	100%

5.3 Public Health and Safety

ACTIVITY 5.3.1: BURIALS AND CREMATIONS

We operate the crematorium and cemetery at Karori and the cemetery at Makara.

Community outcome
This activity contributes towards the following outcome:

- *People-centred City* – the cemeteries provide sensitive and respectful bereavement services catering for a wide range of communities and beliefs. We maintain the cemetery sites to a good standard, reflecting their importance to the community.

Who Benefits?

Whole community	*50%*
Identifiable part of the community	*50%*

The cemeteries provide families of the deceased with access to appropriate burial or cremation facilities, allowing them to farewell their loved ones with dignity.
They also have significant benefits to the community as a whole. These include the public health benefits of ensuring burials and cremations are conducted appropriately, the contribution made by the cemeteries to the city's heritage, the social benefits of ensuring a wide range of religious and cultural needs are catered for, and the provision of park-like surroundings that benefit not only families of the deceased but also all members of the community. Members of the public expect cemeteries to be properly maintained and accessible to all.

The provision of these services can also be seen to benefit funeral homes and other private businesses in this field.

Who should pay?

Whole community	*50%*
Identifiable part of the community	*50%*

Since the benefits of this activity are split between individuals and the community as a whole, it is appropriate for the costs to also be split.

It should be noted that historically we have been able to recover less than 50 percent of the cost of this activity through user charges. Recent efforts to improve this rate of cost recovery have resulted in some improvements; however due to price elasticity we anticipate that on occasions we will not meet this target. The remaining costs are appropriately met through general rates.

Our funding targets: operating expenses	
User charges	50%
Other revenue	0%
Targeted rate	0%
General rate	50%
TOTAL	100%

ACTIVITY 5.3.2: PUBLIC TOILETS

We own and maintain around 100 public toilets throughout the city, located at public places such as parks, playgrounds, sports fields, and shopping centres and in the central business district. This activity includes ensuring they are kept clean and fit for public use.

Community outcome
This activity contributes towards the following outcome:

- *People-centred City* **–** these facilities are located conveniently throughout the city protecting against public health risks.

Who Benefits?

Whole community	*60%*
Individuals	*40%*

Council-owned public toilets clearly benefit people who use them. Their provision also benefits everyone who lives and works in the city, by protecting people in public places from the health hazards that would arise if there were no facilities or if facilities were not kept clean.

Who should pay?

Whole community	*100%*

Since this activity benefits the whole community, the fairest and most effective way to fund it is through the general rate. Though individuals also benefit, the Council does not believe it would be appropriate to refuse access to people who cannot or will not pay.

Our funding targets: operating expenses	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

ACTIVITY 5.3.3: PUBLIC HEALTH REGULATIONS

This activity covers the Council's role in licensing and monitoring food outlets, licensing liquor outlets, registering and impounding dogs, responding to noise, nuisance, animal and litter complaints, and handling infectious disease investigations and the sorting and processing of dangerous goods.

Community outcome
This activity contributes towards the following outcome:

- *People-centred City* **–** this activity protects against public health risks.

Who Benefits?

Whole community	*75%*
Individuals	*25%*

The Council's public health work is required under several laws including the Liquor Act, the Resource Management Act and legislation covering hazardous substances. It provides significant benefits to the community as a whole, including protection of the public from hazards such as dangerous chemicals, unsafe food, excessive noise and diseases.

Most of this work involves protecting the public from hazards created or potentially created by identifiable businesses and people. There are benefits to individual businesses which could not legally operate without the Council providing these services, and there are benefits to individuals who have their complaints dealt with or otherwise are protected from a hazard or nuisance.

There are also a number of users who benefit from this activity. Businesses use Council services to monitor and licence their food and liquor outlets. Dog owners benefit from the dog licensing scheme. These users are charged a fee for the benefits they receive.

Who should pay?

Whole community	*40%*
Individuals	*60%*

As this work largely protects the community from harm, it is appropriate that the people or businesses causing the harm should pay. The Council's public health activities include a range of user charges. For example, licensing and monitoring of food outlets is carried out on a full cost-recovery basis, while user charges recover about 75 percent of animal control costs. Some charges, such as those for liquor licensing, are determined by statute.

For some services, it is not appropriate or possible to charge users. For example, the cost of responding to public complaints about noise, nuisance, litter, animals and other public health issues cannot be recovered as it would not be appropriate to charge those making the complaints and it is not always possible to identify the person or business responsible for the hazard. Overall, user charges recover about 60 percent of the cost of providing these public health services. Accordingly, the Council's target is to fund 60 percent of the cost of this activity through user charges.

Since the benefits to the community as a whole are significant, it is appropriate for the remaining costs to be funded from general rates.

Our funding targets: operating expenses

User charges	60%
Other revenue	0%
Targeted rate	0%
General rate	40%
TOTAL	100%

ACTIVITY 5.3.4: CITY SAFETY

This activity covers our efforts that are directed at making the city safe and ensuring people feel safe. This includes patrols by city safety officers, closed circuit television monitoring of some inner-city streets, and safety audits which identify necessary improvements such as better street lighting.

Community outcome
This activity contributes towards the following outcome:

- *People-centred City* – this activity promotes individual wellbeing, safe neighbourhoods and a safe inner city.

Who Benefits?
Whole community *100%*

Our city safety initiatives benefit the whole community. By preventing crime, these initiatives have a clear and tangible effect on residents' well-being. This, in turn, has several other positive spin-offs. Increased safety levels encourage people into the city centre, which makes the city more vibrant and also benefits retailers and other businesses. These efforts also contribute to civic pride by enhancing Wellington's reputation as a very safe city by national and international standards.

Though individuals benefit from reduced crime, the benefits are felt community-wide and are not exclusive to individuals. As a lot of this work is directed at the inner city it may be argued that there are greater benefits to those who live and work in the city than to residents who do not use the inner city often. However, making the city safer means even those who don't use the inner city are more likely to feel they have the option to safely access the inner city.

Who should pay?
Whole community *100%*

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

Our funding targets: operating expenses	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

ACTIVITY 5.3.5: WELLINGTON REGIONAL EMERGENCY MANAGEMENT OFFICE (WREMO) AND RURAL FIRE

Wellington Regional Emergency Management Office (WREMO) provides a shared service to all the councils within the region. Its role is to help the city prepare for disasters such as earthquakes and floods, and to maintain the Council's Emergency Operations Centre at a state of readiness for response. WREMO works with government agencies, other councils in the region and international agencies.

Community outcome
This activity contributes towards the following outcome:

- *People-centred City* – this agency works with all sectors of the community to ensure the city is well-prepared for earthquakes and other natural disasters.

Who Benefits?

Individuals	*10%*
Whole community	*90%*

All residents and businesses benefit from preparation work to alleviate and cope with disasters like storms, floods and earthquakes. WREMO is a focal point for help and gives the entire community some comfort that a ready response is available to cope with disasters and quickly recover.

From time to time, WREMO may receive income in the form of grants from the Ministry of Civil Defence and Emergency Management, and other sources. However, this income varies significantly from year to year. We anticipate 5 percent revenue over the foreseeable future

Rural Fire and Fire Prevention

WCC contributes to the Wellington Rural Fire Authority (WRFA) which incorporates the rural fire capabilities and responsibilities of the Wellington, Kapiti, Upper Hutt, Lower Hutt and Porirua city councils.

Many Wellington properties back onto large areas of vegetation which can present a significant fire risk. The ability to provide fire suppression and prevention mechanisms benefits both the property owner and wider community through enhanced resilience.

Who should pay?

Whole community	*95%*
User	*5%*

While individuals property owners benefit from this work in the event of a large vegetation fire , the benefit to the whole community far outweighs this. The Council believes the fairest and most effective way to fund this activity is from general rates.

From time to time, WRFA may receive income in the form of grants from the New Zealand Fire Service Commission via the National Rural Fire Authority. This income varies significantly from year to year. We anticipate 5 percent revenue over the foreseeable future

Our funding targets: operating expenses

User charges	5%
Other revenue	0%
Targeted rate	0%
General rate	95%
TOTAL	100%

Draft for Consultation - not Council Policy

Urban Development

Directing growth and delivering quality

Nestled between harbour and hills, Wellington is a compact and dynamic city. We aim to preserve its special character, making sure developments are safe and in harmony with the environment. Our work in this area includes urban planning, building and development regulation, heritage protection and the development of public spaces.

Operating activities

With the exception of regulatory services, the majority of activities in this area are funded by the whole community via the General Rate. The funding sources are illustrated in the graph below.

Activity Area	Activity Grouping	Activity	Activity Component Name	User Fees	Other Income	Rates	General	Residential Target	Commercial Targeted	Downtown Targeted / Other
Urban Development	Urban planning, heritage and public spaces development	6.1.1	Urban planning and policy	0%	0%	100%	100%	0%	0%	0%
		6.1.2	Waterfront development	0%	0%	100%	100%	0%	0%	0%
		6.1.3	Public spaces and centres development	0%	0%	100%	100%	0%	0%	0%
		6.1.4	Built heritage development	0%	0%	100%	100%	0%	0%	0%
	Building and development control	6.2.1	Building control and facilitation	65%	0%	35%	35%	0%	0%	0%
		6.2.2	Development control and facilitation	50%	0%	50%	50%	0%	0%	0%
		6.2.3	Earthquake risk mitigation - built environment	0%	0%	100%	100%	0%	0%	0%
		6.2.4	Regulator - Building Control and Facilitation Weathertight Homes	0%	0%	100%	100%	0%	0%	0%

Capital Expenditure

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

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

Urban development – activity funding commentary

6.1 Urban Planning, Heritage and Public Spaces Development

ACTIVITY 6.1.1: URBAN PLANNING AND POLICY

The Council wants to ensure the city grows in ways that encourage high-quality development and produce the best long-term result for everyone. To do this, we will use appropriate controls to guide development, particularly in key areas of the city. This includes guiding development in the northern part of the city where rapid growth is expected in coming years and implementing the District Plan. An important component of our overall urban planning and policy work is how we manage infill developments. This is a priority for the Council as we work on the 'growth spine concept'.

Community outcome
This activity contributes towards the following outcome:

- *People-centred City* – this activity ensures the city's built form is developed in appropriate ways
- *Eco-city* – urban planning is focused on intensive urban development and alongside our urban containment policies are designed to prevent sprawls and enhance our transport and lifestyle choices.
- *Dynamic Central City* - this activity shapes how the built form and urban culture of the city is developed into the future

Who Benefits?
Whole community *100%*

Urban planning ensures the city grows in a controlled way that is environmentally sustainable, enhances community cohesion, and encourages high-quality developments. While the Northern Growth Management Framework is obviously specific to that area, the benefits of improved infrastructure and co-ordinated growth will be felt city-wide.

Who should pay?
Whole community *100%*

The Council seeks to build stronger communities through funding this activity. Our aim is to make Wellington even more liveable – making it a great place to be by offering a variety of places to live, work and play within a high quality public environment. Since the community as a whole benefits from this work, it is appropriate for general ratepayers to bear the costs.

Our funding targets: operating expenses

User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

Draft for Consultation - not Council Policy

ACTIVITY 6.1.2: CITY SHAPER DEVELOPMENTS

The Wellington waterfront is a key area of the city. We oversee its development in line with a guiding policy, the Wellington Waterfront Framework. Management of waterfront development is carried out by a Council controlled organisation, Wellington Waterfront Limited.

Our role includes preparing an annual work plan that outlines short and long- term development proposals for the waterfront and funding the operations of Wellington Waterfront Limited.

Community outcome
This activity contributes towards the following outcome:

- *People-centred City* - the waterfront offers safe open spaces that welcome and engage people and encourage them to stay.

- *Dynamic Central City* **–** the waterfront is an accessible and unique component of the inner city that offers opportunities for relaxation, recreation and leisure.

Who Benefits?
Whole community *100%*

This work benefits the whole community by making the city more attractive and vibrant, and providing valuable recreation opportunities. Through development of public spaces that complement the natural beauty of the waterfront, the image and the "sense of place" that people have for the city is enhanced. Waterfront development attracts people into the city, supporting social cohesion and aiding the economy.

While the direct beneficiaries are mainly people who choose to visit the waterfront, these benefits are not exclusive. When one person visits Queen's Wharf or Frank Kitts Park, that doesn't stop anyone else from being in the area too. Nor would it be practical or acceptable to identify users of the waterfront and require them to pay. Similarly, though people living in the inner city benefit from better access to the waterfront, this is outweighed by the benefits to all people in the city.

The operational spending for this activity covers planning and public consultation. All residents benefit from the opportunity to have their views heard.

Who should pay?
Whole community *100%*
Since the community as a whole benefits from this work, it is appropriate for general ratepayers to bear the costs.

Our funding targets: operating expenses	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

ACTIVITY 6.1.3: PUBLIC SPACES AND CENTRES DEVELOPMENT

We fund work to develop the street environments, urban parks and squares, and other public areas in the city and suburban centres. We aim to make these areas safe, accessible and attractive, with plenty of green space. This activity includes maintenance of the city's public artworks and consultation, planning and co-ordination of suburban centre upgrades.

Community outcome
This activity contributes towards the following outcome:

- *People-centred City* – development of public squares and parks enhances people's enjoyment of the city and contributes to our civic pride and our 'sense of place'.

- *Dynamic Central City* **–** public spacers are an important component of the inner city providing accessible opportunities for relaxation, recreation and leisure for residents and visitors. High-quality developments make the city a more attractive place to live, attract visitors and support business opportunities..

Who Benefits?
Whole community *100%*

This work benefits the whole community by enhancing the urban environment, making the city safer and contributing to the vibrancy of Wellington. All residents and visitors to the city are able to enjoy its public spaces. While those who use city or suburban shopping areas, urban parks, squares and other public areas receive direct benefits, these benefits are not exclusive and it would not be desirable or acceptable to require people to pay for them directly. Similarly, though individual suburbs benefit from work on suburban centres, these upgrades are not restricted to particular areas of the city – upgrades either have been carried out recently or are timetabled across many suburbs.

As well as enhancing the environment, development of city and suburban centres benefits the economy and enhances people's pride in the city.

Who should pay?
Whole community *100%*

While centre development provides a clear benefit to geographical suburban areas, targeted rates to fund these activities are not considered appropriate given the broad benefit to the community as a whole, and that centre upgrades are scheduled to occur throughout the city. The public good benefit over-rides any direct benefit to individual communities. However, if a suburban community asks for a higher standard of upgrade, or an earlier timeline than the Council has planned, the Council may consider imposing a targeted rate.

Our funding targets: operating expenses

User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

ACTIVITY 6.1.4: BUILT HERITAGE DEVELOPMENT

Draft for Consultation - not Council Policy

In order to promote Wellington as a place that celebrates its landmarks and heritage, we work to help protect and restore the city's heritage assets.

The District Plan ensures heritage buildings, trees, monuments and other assets, and sites of significance to tangata whenua, are recognised and that controls are in place to manage changes to or removal of these assets.

Our work in this area includes maintaining an inventory of heritage sites, restoring significant heritage buildings in public ownership and upgrading heritage sites.

Community outcome

This activity contributes towards the following outcome:

- *People-centred City* **–** heritage buildings contribute to the city's distinct identity and enhance its sense of place.

Who Benefits?
Whole community *100%*

This work benefits the whole community by protecting the city's heritage. Preservation of city landmarks enhances the city's image, makes it more attractive, and contributes to people's sense of history and community pride. The community also benefits from enhancement of publicly-owned heritage assets.

Who should pay?
Whole community *100%*

Since the community as a whole benefits from this work, it is appropriate for general ratepayers to bear the costs.

Our funding targets: operating expenses	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

6.2 Building and Development Control

ACTIVITY 6.2.1: BUILDING CONTROL AND FACILITATION

The Council has a statutory responsibility under the Building Act and the Resource Management Act to control building developments. This includes ensuring buildings are safe and sanitary, and do not threaten environmental quality or public health.

Work includes issuing and monitoring building consents - we have building guidelines to make sure buildings meet the required standards. We also have responsibilities under the Fencing of Swimming Pools Act to ensure all swimming pools are adequately fenced.

Community outcome
This activity contributes towards the following outcome

- *People-centred City* - All cities control building work according to the provisions of the Building Act and codes. These controls are necessary to protect public health and safety, and to protect future users of land and buildings.
- *Eco-city* - we promote intensive development, rather than sprawl into green spaces, and encourage the greening of streets, buildings and places.

Who Benefits?

Individuals	*80%*
Whole community	*20%*

Our building control work benefits private individuals – the people and companies that build or redevelop homes, offices and other buildings. Our work ensures these buildings are safe and meet legal requirements. These benefits apply to buildings which, in almost all cases, are for private and exclusive use. The people who use our building consent services are clearly identifiable and can be stopped from using the service if they refuse to pay.

Similarly, the beneficiaries of our efforts to ensure swimming pools are adequately fenced are private individuals – those people who own and use swimming pools and those who are kept safe because pools are fenced.

Who should pay?

Individuals	*65%*
Whole community	*35%*

While individuals receive the benefits of our building control work, we are constrained in our ability to recover costs from those individuals. User charges for some activities are set by law or regulation. For some activities, the law prevents us from charging at all.

In addition, to meet all the costs of building consents through user charges we would need to raise the charges to a level that may create an incentive for homeowners to avoid the consent process and carry out illegal building work.

These factors mean that, historically we have been able to recover only about half the cost of this activity through user charges. Recent efforts to improve this rate of cost recovery have resulted in some improvements, however additional costs accruing from the Building Act have off-set these gains. Accordingly, the Council's target is to fund 50 percent of the cost of this activity through user charges. However, we plan to raise this target over time.

Our funding targets: operating expenses

User charges 65%

Other revenue	0%
Targeted rate	0%
General rate	35%
TOTAL	100%

ACTIVITY 6.2.2: DEVELOPMENT CONTROL AND FACILITATION

The Council has a statutory responsibility under the Resource Management Act to ensure land and other resources are used sustainably. The District Plan, adopted in 2001 after public consultation, contains specific policies relating to land and resource use in the city. We administer the District Plan, regulating developments to ensure they are safe, sustainable and meet public expectations. Specific activities, including issuing resource consents, monitoring compliance and dealing with complaints about environmental matters, are covered by this activity.

Community outcome
This activity contributes towards the following outcome

- *People-centred City* - All cities control development work according to the provisions of the Resource Management Act and District Plan. These controls are necessary to ensure resources are used sustainably, to protect public health and safety, and to protect future users of land and buildings. They're also needed to protect urban character and to preserve the city's heritage.

Who Benefits?

Individuals	*60%*
Whole community	*40%*

The main beneficiaries of this work are the individual people and businesses involved in land subdivision and development or use of other resources. This work helps ensure the developments are safe, sustainable and meet legal obligations.

There is also a significant public benefit. By controlling the safety and environmental effects of developments, we help prevent harm to members of the public both now and in the future.

Who should pay?

Individuals	*50%*
Whole community	*50%*

While individuals receive an estimated 60 percent of the benefit from the Council's development control work, our ability to recover costs from those individuals is limited. User charges for some activities are set by law or regulation. For some activities, the law prevents us from charging at all. In addition, while individuals causing damage to the environment should bear the costs of dealing with their actions, it is not always possible to identify them.

To meet 60 percent of the costs of resource consents through user charges would require raising them to a level that may create a disincentive for growth and development of the city, potentially harming the economy.

These factors mean that, historically, we have been able to recover only about a third of the cost of this activity through user charges. Further initiatives are being investigated to improve this rate in the future.

Our funding targets: operating expenses	
User charges	50%
Other revenue	0%
Targeted rate	0%
General rate	50%
TOTAL	100%

ACTIVITY 6.2.3: EARTHQUAKE RISK MITIGATION – BUILT ENVIRONMENT

Earthquake Resilience is a key focus for Wellington City Council. The Council has a statutory responsibility under the Building Act to mitigate the risks that earthquakes may have on structures. This activity covers that work and also the contribution that the Council may make to a localised earthquake assessments.

Community outcome
This activity contributes towards the following outcome

- *People-centred City* - Wellington's high earthquake risk means this work is critical. It protects public safety, as well as preserving the city's heritage and the economic investment made in buildings and infrastructure.

Our funding targets: operating expenses	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

ACTIVITY 6.2.4: BUILDING CONTROL AND FACILITIATION – WEATHERTIGHT HOMES

Community outcome

This activity contributes to a 'People Centred City' by providing resolution to the weathertight homes issue, by supporting repairs to provide healthier and more resilient homes.

Who Benefits

Whole Community 100%

Resolving weathertight homes issues provides benefits to the Community as a whole. Through no fault of their own, individuals are stuck with leaky homes which can, in the worst circumstances, affect the health and well being of those living there. Ensuring homes get fixed improves the health and well being of individuals and reduces the call on the Community's health services. It also ensures the quality of housing stock available to residents in the City.

It is not considered that the actions or inactions of any individuals or group have directly contributed to the requirement to address the resolution of weathertight homes issues.

Who should pay

Whole Community 100%

Since the activity benefits the community as a whole, the fairest and most effective way to ultimately fund it is from general rates. The quantum of the liability required to be funded will likely necessitate the use of borrowings to spread the cost and ensure that the affordability of any rates funding requirement is considered and managed.

Given the specific nature of the cost it is important that any borrowing and rate funding associated with this activity are transparent and that these funds are effectively ring fenced and only used for the specific purpose of settling weathertight homes claims and the associated interest costs from any related borrowings. There are minimal costs associated with a decision to fund this activity distinctly from other activities.

Our funding targets: operating expenses	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

Transport

Providing quality connections

We're responsible for Wellington's extensive transport network, and for planning for the city's future transport needs. We see a high-quality transport system as critical to the city's economy and quality of life. Our transport activities include looking after hundreds of kilometres of city roads, as well as accessways, footpaths, cycleways, parking facilities, traffic signs and signals, street lighting and pedestrian crossings. We also manage parking areas and have an ongoing programme of safety promotion.

Operating activities

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

Activity Area	Activity Grouping	Activity	Activity Component Name	User Fees	Other Income	Rates	General	Residential Target	Commercial Targeted	Downtown Targeted / Other
Transport	Transport	7.1.1	Transport planning	0%	15%	85%	85%	0%	0%	0%
		7.1.2	Vehicle network	0%	5%	95%	95%	0%	0%	0%
		7.1.3	Cycle network	0%	0%	100%	100%	0%	0%	0%
		7.1.4	Passenger transport network	0%	65%	35%	35%	0%	0%	0%
		7.1.5	Pedestrian network	0%	0%	100%	100%	0%	0%	0%
		7.1.6	Network-wide control and management	15%	15%	70%	70%	0%	0%	0%
		7.1.7	Road safety	0%	30%	70%	70%	0%	0%	0%
	Parking	7.2.1	Parking	100%	0%	0%	0%	0%	0%	0%

Capital Expenditure

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

Transport capital expenditure projects are funded through a combination of NZTA subsidies, rates funded depreciation and borrowings.

Transport – activity funding commentary

7.1 Transport

ACTIVITY 7.1.1: TRANSPORT PLANNING

The mixed modes and changing demands on transportation means that transportation planning becomes increasingly important. The Council's work in this area is closely linked to the work that we carry out under urban development. We also incorporate travel demand management planning as a component part of our overall transport and urban planning work.

Community outcome
This activity contributes towards the following outcome

- *People-centred City* **–** the transport network provides people with accessible and safe transport choices, from their homes to shops, for work, recreation and pleasure, including walkways and bikeways.
- *Connected City* **–** the transport network provides accessible and safe transport choices that connect people with each other and with places locally, nationally and internationally, including for commerce and trade.
- *Eco-city* - a network that is efficient means fewer cars are stuck in traffic meaning less emissions are produced
- *Dynamic Central City* **–** A network that allows easy movement of people and goods is vital for business and a significant competitive advantage.

Who Benefits?

Whole community	*100%*

This activity is of benefit to the whole community.

A well planned transportation network plays an important part in making the city more liveable. It provides for the efficient movement of freight and it allows for people to be better connected, aiding social cohesion.

Who should pay?

Whole community	*85%*
Other	*15%*

A part of the cost of this activity is funded by a subsidy from the Government roading funding agency NZTA, which passes on funding from fuel taxes. As the activity is of benefit to the whole community it is considered fair and appropriate that the remainder be funded from the general rate.

Our funding targets: operating expenses

User charges	0%
Other revenue	15%
Targeted rate	0%
General rate	85%
TOTAL	100%

Draft for Consultation - not Council Policy

ACTIVITY 7.1.2: VEHICLE NETWORK

We manage a network that includes 74 bridges, four tunnels, and more than 650 kilometres of urban and rural roads, as well as all related pavements and service lanes. Upkeep of these roads includes resurfacing and major structural works, such as maintenance and earthquake-strengthening of bridges and tunnels.

This activity also covers port access. The efficient movement of freight to and from the port is an important contributor to the city's economy. We work alongside the port authorities to ensure we can find appropriate solutions to the movement of freight so that these reduce any negative impacts on other users of the vehicle network.

As steward of the roads in a harbour city, we also have a responsibility to maintain sea walls, as well as the walls on dry land that make up the 'road corridor'.

Community outcome
This activity contributes towards the following outcome

- *People-centred City* – the transport network provides people with accessible and safe transport choices, from their homes to shops, for work, recreation and pleasure, including walkways and bikeways.
- *Connected City* – the transport network provides accessible and safe transport choices that connect people with each other and with places locally, nationally and internationally, including for commerce and trade.
- *Eco-city* - the network reflects our commitment to sustainable, safe and efficient transport choices including walking and biking.
- *Dynamic Central City* – the network provides for easy and affordable movement to and around the central city, especially by walking.

Who Benefits?

Whole community	*100%*

The city's vehicle network is a vital public asset. Roads are available for all residents and visitors to use and, under the current law; we cannot charge anyone for using them. The vehicle network is not in competition with any privately-provided alternative. It benefits all residents by providing the means for safe, efficient travel. This benefits the economy and is also important for social reasons. For example, an efficient vehicle network allows people to get to work, visit friends and family, and get their children to school. This 'public good' aspect of the vehicle network is reflected in the fact that the Council's responsibility for providing and maintaining the network is enshrined in law.

The direct beneficiaries of the vehicle network are road users. This includes businesses that use roads for commercial purposes such as transporting goods. It also includes everyone who drives cars. But there are also many indirect beneficiaries, including people who never leave their homes but receive meals on wheels or mail deliveries.

It may be argued that the commercial sector receives a higher direct benefit than city residents. Heavy commercial vehicles cause more wear and tear on the roading network than private cars. However, it is not possible to reasonably assess how much benefit falls to each group.

Who should pay?

Whole community	*95%*
Other	*5%*

A significant part of our vehicle network costs are covered by a subsidy from the Government roading funding agency NZTA, which passes on funding from fuel taxes. Of the remaining costs, as the community as a whole benefits from the vehicle network, the fairest and most efficient way to fund this activity is from general rates. While there may be arguments for imposing some direct costs on road users and, in particular, on heavy vehicles which cause a significant amount of wear and tear, the Council currently has no legal means of charging road users.

The amount of the NZ Transport Agency subsidy varies from year to year depending on the scheduled asset management plan works and changes to the works programme based on reprioritisation.

Our funding targets: operating expenses

User charges	0%
Other revenue	5%
Targeted rate	0%
General rate	95%
TOTAL	100%

ACTIVITY 7.1.3: CYCLE NETWORK

The Council maintains cycleways in the city and suburbs. These require regular upkeep to ensure they have smooth surfaces, clear lane markings and signage, as well as cycle stands at appropriate parking points.

Community outcome
This activity contributes towards the following outcome

- *People-centred City* **–** the cycle network provides people with transport choices, from their homes to shops, for work, recreation and pleasure.
- *Connected City* **–** the cycle network provides transport choices that connect people with each other and with places locally.
- *Eco-city* - the cycle network reflects our commitment to sustainable, safe and efficient transport choices
- *Dynamic Central City* **–** the cycle network provides for easy and affordable movement to and around the central city.

Who Benefits?

Whole community	*100%*

The cycleways provide significant benefits to the whole community. By encouraging people to walk and use cycles, they benefit the environment and improve residents' overall levels of health. By reducing the amount of traffic, they make the city's roads safer. Also, though not all residents use them, the opportunity is available for all. As an integral part of the transport network, the cycleways are a public asset.

The direct beneficiaries of the city's cycleways are clearly the people who use them. This includes both cyclists and pedestrians who use the cycleways as de facto walkways. The cycleways provide these people not only with transport but recreational opportunities. However, it would be impractical to charge a fee on these users.

Who should pay?
Whole community *100%*

Because the community as a whole benefits from our provision of the cycleway network, the fairest and most efficient way to fund this activity is from general rates. Identifying individual users and charging them for their use would not be practical. Charging would also discourage people from using the cycleways, meaning the benefits from their use to the city's social and environmental well-being would be lost.

Our funding targets: operating expenses	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

ACTIVITY 7.1.4: PASSENGER TRANSPORT NETWORK

Support for the city's public transport network is a major commitment for the Council. Our aim is to encourage greater use of the buses and rail, as this would improve energy efficiency and reduce pollution.

Community outcome
This activity contributes towards the following outcome

- *People-centred City* – the passenger transport network provides people with accessible and safe transport choices, from their homes to shops, for work, recreation and pleasure
- *Connected City* **–** the passenger transport network provides accessible and safe transport choices that connect people with each other and with places locally
- *Eco-city* - the passenger network reflects our commitment to sustainable, safe and efficient transport choices including walking and biking.
- *Dynamic Central City* **–** the passenger transport network provides for easy and affordable movement to and around the central city, especially by walking.

Who Benefits?
Whole community *100%*

The whole community benefits from this activity through improved access to public transport and provision of public shelters and transport information. While individual users of public transport receive the most direct benefit, the Council-provided services such as bus shelters are available to all. Encouraging use of public transport has wider community benefits including a cleaner environment and less congested roads.

Who should pay?

Whole community	*35%*
Other	*65%*

While the whole community benefits from this activity, the Council receives income for advertising on bus shelters. This income covers the majority of the cost of providing the Council's passenger transport network services, however this is dependant on advertising demand and revenue.

The funding target has been set in line with current forecasts for advertising revenue.

The Greater Wellington Regional Council also funds projects as a part of its statutory responsibilities for public transport.

Our funding targets: operating expenses	
User charges	0%
Other revenue	65%
Targeted rate	0%
General rate	35%
TOTAL	100%

ACTIVITY 7.1.5: PEDESTRIAN NETWORK

Pedestrian safety is a crucial aspect of the transport network. The Council maintains more than 800 kilometres of footpaths, as well as pedestrian subways, bridges, canopies, seats, bollards and fountains.

Community outcome
This activity contributes towards the following outcome

- *People-centred City* – the pedestrian network provides people with transport choices, from their homes to shops, for work, recreation and pleasure.
- *Connected City* – the pedestrian network provides transport choices that connect people with each other and with places locally.
- *Eco-city* - the pedestrian network reflects our commitment to sustainable, safe and efficient transport choices
- *Dynamic Central City* – the pedestrian network provides for easy and affordable movement to and around the central city.

Who Benefits?

Whole community	*100%*

This work benefits the whole community by ensuring that footpaths and access-ways are safe and well maintained. While it might be argued the individuals who use footpaths are the direct beneficiaries, in practice that includes most residents, visitors to the city and therefore businesses. It would not be practical to assess benefits on an individual basis.

Who should pay?
Whole community *100%*

Since the community as a whole benefits from this work, it is appropriate for general ratepayers to bear the costs. A small amount of user charge income is received from the operators of street-side commercial activities. However, this income is not consistent or predictable and is therefore not included in our targets.

Our funding targets: operating expenses

User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
TOTAL	100%

ACTIVITY 7.1.6: NETWORK-WIDE CONTROL AND MANAGEMENT

Traffic flows need to be managed to minimise congestion at busy periods. We run a control system based on over 100 sets of traffic lights, and a dozen closed circuit television camera systems and a central traffic computer system. This activity also covers traffic sign maintenance and road marking maintenance.

Community outcome
This activity contributes towards the following outcome

- *People-centred City* – the network provides people with transport choices, from their homes to shops, for work, recreation and pleasure.
- *Connected City* – the network provides transport choices that connect people with each other and with places locally.
- *Eco-city* - the network reflects our commitment to sustainable, safe and efficient transport choices

Who Benefits?
Whole community *100%*

Network management is crucial in a modern, efficient vehicle network. The beneficiaries of our work in this area are the whole community. By controlling traffic flows, we make the city's roads safer, more efficient and help reduce travel times.

This work also has benefits for the whole community, as a safe, efficient transport system benefits the economy and is important for public health and social connectedness.

Who should pay?
Whole community *70%*
User Charges *15%*

Other *15%*

The main elements of this activity benefit the whole community. A significant part of these activities are funded by subsidy from the Government New Zealand Transport Agency (NZTA), derived from fuel taxes.

There are also User Charges for individual users of the Transport Network. We are constrained in our ability to recover total costs from all individuals particularly when the whole community benefits from these activities on the network. In these cases the fairest and most efficient way to fund these activities is from general rates.

Our funding targets	
User charges	0%
Other revenue	25%
Targeted rate	0%
General rate	75%
TOTAL	100%

ACTIVITY 7.1.7: ROAD SAFETY

We make ongoing improvements to the safety of our road network. This work involves a wide range of measures including improving lighting, widening footpaths, installing 'traffic calming' measures such as speed humps, and installing barriers and handrails to protect pedestrians.

Community outcome
This activity contributes towards the following outcome

- *People-centred City* – the network provides people with transport choices that are safe and accessible from their homes to shops, for work, recreation and pleasure.

Who Benefits?
Whole community *100%*

This work helps reduce accidents and ensures the transport network is safe. The benefits are felt by the whole community, including all road users, pedestrians, cyclists and all others who benefit from the city having a safe, efficient transport network.

Who should pay?
Whole community *70%*
Other *30%*

A significant part of our costs for this activity are covered by a subsidy from the Government roading funding agency NZTA, which passes on funding from the fuel taxes it gathers. We also receive some income in relation to this activity from the Land Transport Safety Authority. Of the remaining costs, as the community as a whole benefits from a safe vehicle network, the fairest and most efficient way to fund this activity is from general rates.

The amount of the NZTA subsidy varies from year to year depending on the scheduled asset management plan works and changes to the works programme based on reprioritisation.

Our funding targets	
User charges	0%
Other revenue	30%
Targeted rate	0%
General rate	70%
TOTAL	100%

7.2 Parking

ACTIVITY 7.2.1: PARKING

The Council provides short-term, metered roadside car parks in the city centre. We aim to have a high turnover of these parks. We also operate coupon and resident parking in areas to give city dwellers on the fringe of the central business district some relief from the daily influx of commuters.

Community outcome

This activity contributes towards the following outcome

- *People-centred City* – central city car and motorbike parking is important for shoppers, people working in the city, visitors to the city, and people coming in to the city for recreational activities. It is also necessary to allow for goods to be picked up and delivered throughout the city. The provision of car parking helps make Wellington a liveable, prosperous city.

Who Benefits?

Individuals	*75%*
Whole community	*25%*

The direct beneficiaries of the Council's parking services are clearly those people who use car parks. These benefits are private and exclusive. Two people cannot use the same car park at the same time and it is appropriate to charge people for using car parks. The Council's parking services operate in competition with other private sector providers.

It might also be argued that retailers benefit directly from the Council's provision of car parks. However, there is no practical way of assessing whether people are using car parks to go shopping or for other purposes such as recreation.

The community as a whole also receives benefits from the Council's parking activities. On-street car parking is time limited to encourage a high turnover of parks, as this helps bring people into the city and benefits the commercial sector. All ratepayers benefit from the income derived from this activity, as it offsets the cost of providing the vehicle network.

Who should pay?

Individuals	*100%*

Since the principal benefit from the Council's parking services is to identifiable individuals it is appropriate for them to bear the costs through user charges.

While it might be argued general ratepayers should meet 25 percent of the costs, reflecting the benefit to the community as a whole, this would be inappropriate for a number of reasons. First, the level of demand for car parks suggests people using them believe they represent good value. As the principal benefit is to these individuals, it is appropriate to set user charges at a level the market will accept. Second, the Council's parking services operate in competition with private car park operators and setting lower fees would unfairly disadvantage those operators and potentially reduce the supply of off-street parking in the city. Third, the individuals using car parking spaces also benefit through being able to use ratepayer-funded roads and footpaths, and their contribution through parking fees offsets the cost of providing these services.

This activity recovers significantly more revenue, through enforcement and meter charges than the operating costs. The Council believes this is appropriate as it supports our transport and retail policies. These policies aim to improve access to on-street parking and increase turnover of parking.

Our funding targets: operating expenses	
User charges	100%
Other revenue	0%
Targeted rate	0%
General rate	0%
TOTAL	100%

FINANCIAL STATEMENTS:

Our 10-year plan

Wellington City Council's Draft Long-term Plan 2015-25

Absolutely Positively Wellington City Council
Me Heke Ki Pōneke

PROSPECTIVE STATEMENT OF COMPREHENSIVE FINANCIAL PERFORMANCE

	2014/15 AP $000	2015/16 LTP $000	Variance to LTP $000	Notes	2016/17 LTP $000	2017/18 LTP $000	2018/19 LTP $000	2019/20 LTP $000	2020/21 LTP $000	2021/22 LTP $000	2022/23 LTP $000	2023/24 LTP $000	2024/25 LTP $000
INCOME													
Revenue from rates (excluding metered water)	241,387	255,664	14,277		270,340	286,722	301,679	318,720	333,540	348,142	366,174	379,618	389,642
Revenue from water by metered	13,879	13,546	(333)	1	14,137	14,945	15,779	15,904	17,292	18,135	18,770	19,890	20,526
Revenue from development contributions	2,000	2,000	-		2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Revenue from grants, subsidies and reimbursements	51,090	42,118	(8,972)	2	38,485	22,388	25,124	23,264	23,114	23,671	24,145	24,581	25,706
Revenue from operating activities	119,913	121,287	1,374	3	124,809	127,841	130,756	134,823	136,546	137,260	140,376	143,416	146,810
Investments	20,215	20,135	(80)		20,135	20,235	19,635	20,635	24,053	26,693	26,637	29,182	30,429
Fair value movement on investment property revalaution	-	3,665	3,665	4	4,324	4,821	5,143	5,482	6,057	6,449	6,865	7,543	8,027
Other revenue	1,100	1,050	(50)		1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050
Finance revenue	603	637	34		650	663	719	693	731	776	827	886	952
TOTAL INCOME	**450,187**	**460,102**	**9,915**		**475,930**	**480,665**	**501,885**	**522,571**	**544,383**	**564,176**	**586,844**	**608,166**	**625,142**
EXPENSE													
Finance expense	23,041	23,724	683	5	28,515	31,996	35,093	38,885	39,871	43,285	50,493	52,466	54,312
Expenditure on operating activities	298,596	318,177	19,581	6	325,521	327,737	334,867	347,706	359,495	373,088	383,895	394,958	407,346
Depreciation and amortisation	102,165	99,275	(2,890)		102,205	109,032	113,421	117,770	126,090	130,549	133,430	141,664	145,480
TOTAL EXPENSE	**423,802**	**441,176**	**17,374**		**456,241**	**468,765**	**483,381**	**504,361**	**525,456**	**546,922**	**567,818**	**589,088**	**607,138**
NET SURPLUS FOR THE YEAR	**26,385**	**18,926**	**(7,459)**	**7**	**19,689**	**11,900**	**18,504**	**18,210**	**18,927**	**17,254**	**19,026**	**19,078**	**18,004**
OTHER COMPREHENSIVE INCOME													
Fair value movement - property, plant and equipment - net	57,073	-	(57,073)		223,243	73,306	-	238,867	104,157	-	332,176	141,845	-
Share of equity accounted surplus from associates	-	-	-		-	-	-	-	-	-	-	-	-
TOTAL OTHER COMPREHENSIVE INCOME	**57,073**	**-**	**(57,073)**		**223,243**	**73,306**	**-**	**238,867**	**104,157**	**-**	**332,176**	**141,845**	**-**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**83,458**	**18,926**	**(64,532)**		**242,932**	**85,206**	**18,504**	**257,077**	**123,084**	**17,254**	**351,202**	**160,923**	**18,004**

Notes:

1. Water network costs have reduced resulting in less recovered from water rates

2. Reduction between 14/15 and 15/16 funding from Housing New Zealand for the Housing Upgrade Programme.

3. Details of specific changes to revenue from activities can be found in the Funding Impact Statements. This will outline at an activity level the key changes.

4. Showing the impact of investment property revaluations. This is expected at a rate of half the property inflator in the significant forecasting assumptions

5. Debt levels have increased between 14/15 and 15/16 and interest rates have decreased creating a modest interest increase.

6. Details of specific changes to operational costs can be found in the Funding Impact Statements. This will outline at an activity level the key changes.

2

Absolutely Positively **Wellington** City Council
Me Heke Ki Pōneke

PROSPECTIVE STATEMENT OF COMPREHENSIVE FINANCIAL PERFORMANCE

7. EXPLANATION OF NET OPERATING SURPLUS	2015/16 LTP $000
EXPENDITURE NOT FUNDED UNDER SECTION 100 OF LGA	
NZTA Transport funded projects	(8,873)
General	(834)
Clearwater sewerage treatment plant	(2,955)
Decomissioned Living Earth joint venture plant	(198)
Wellington Waterfront Limitied Depreciation	(3,654)
TOTAL EXPENDITURE NOT FUNDED UNDER SECTION 100 OF LGA	**(16,514)**
REVENUE RECEIVED FOR CAPITAL PURPOSES	
NZTA capital funding	13,356
Housing capital grant and ring-fenced surplus	(2,974)
Housing capital grant and ring-fenced	20,668
Development contributions	2,000
Bequests, trust and other external funding	1,226
TOTAL REVENUE RECEIVED FOR CAPITAL PURPOSES	**34,277**
ITEMS FUNDED FROM PRIOR YEAR SURPLUSES	
Economic Development Fund	(3,000)
Lyall Bay operational grant	(350)
TOTAL ITEMS FUNDED FROM PRIOR YEAR SURPLUS	**(3,350)**
ADDITIONAL ITEMS	
Weathertight Homes funding	7,560
Ocean Exploration Centre	(6,000)
Alex Moore Park	(221)
Odyssey	(1,079)
Waste minimisation activity	4
Reserves purchases and development fund	(39)
Unrealised fair value adjustment for loans and receivables	624
Fair value movement on investment property revalaution	3,665
TOTAL ADDITIONAL ITEMS	**4,514**
TOTAL SURPLUS	**18,927**

3

PROSPECTIVE STATEMENT OF FINANCIAL POSITION

	2014/15 AP $000	2015/16 LTP $000	Variance to LTP $000	Notes	2016/17 LTP $000	2017/18 LTP $000	2018/19 LTP $000	2019/20 LTP $000	2020/21 LTP $000	2021/22 LTP $000	2022/23 LTP $000	2023/24 LTP $000	2024/25 LTP $000
ASSETS													
Current assets													
Cash and cash equivalents	2,389	820	(1,569)		1,369	1,075	817	1,333	1,470	829	975	997	1,241
Derivative financial assets	409	-	(409)		-	-	-	-	-	-	-	-	-
Receivables from exchange transactions	39,556	42,284	2,728		43,791	45,271	46,680	48,308	49,518	50,351	51,872	53,320	54,650
Prepayments	15,048	12,239	(2,809)	1	12,584	12,639	12,930	13,509	14,023	14,591	15,036	15,479	15,990
Inventories	875	888	13		906	922	941	958	974	1,002	1,025	1,051	1,076
Non-current assets classified as held for sale	-	-	-		-	-	-	-	-	-	-	-	-
Total current assets	**58,277**	**56,231**	**(6,457)**		**58,650**	**59,907**	**61,368**	**64,108**	**65,985**	**66,773**	**68,908**	**70,847**	**72,957**
Non-current assets													
Derivative financial assets	3,280	-	(3,280)		-	-	-	-	-	-	-	-	-
Trade and other receivables	-	-	-		-	-	-	-	-	-	-	-	-
Other financial assets	8,928	10,473	1,545	2	11,110	11,760	12,466	13,146	13,864	14,627	15,441	16,314	17,253
Intangibles	16,743	24,453	7,710	3	24,793	27,873	27,041	26,829	26,713	29,163	29,751	32,752	36,420
Investment properties	205,951	196,566	(9,385)	4	200,890	205,711	210,854	216,336	222,393	228,842	235,707	243,250	251,277
Property, plant & equipment	6,974,749	6,685,636	(289,113)	5	6,958,297	7,093,208	7,154,836	7,414,310	7,548,284	7,656,742	8,026,057	8,199,832	8,238,456
Investment in subsidiaries	3,809	3,809	-		3,809	3,809	3,809	3,809	3,809	3,809	3,809	3,809	3,809
Investment in associates	19,519	19,504	(15)		19,504	19,504	19,504	19,504	19,504	19,504	19,504	19,504	19,504
Total non-current assets	**7,232,979**	**6,940,441**	**(1,006)**		**7,218,403**	**7,361,865**	**7,428,510**	**7,693,934**	**7,834,567**	**7,952,687**	**8,330,269**	**8,515,461**	**8,566,719**
TOTAL ASSETS	**7,291,256**	**6,996,672**	**(7,463)**		**7,277,053**	**7,421,772**	**7,489,878**	**7,758,042**	**7,900,552**	**8,019,460**	**8,399,177**	**8,586,308**	**8,639,676**
LIABILITIES													
Current liabilities													
Derivative financial liabilities	404	-	(404)		-	-	-	-	-	-	-	-	-
Trade and other payables	57,945	60,248	2,303		60,682	65,055	65,324	61,504	64,595	77,348	71,415	72,562	75,528
Revenue in advance	11,405	30,551	19,146	6	12,151	11,295	11,553	11,912	12,065	12,128	12,403	12,672	12,971
Borrowings	155,562	229,247	73,685		260,987	292,887	319,860	327,893	336,419	383,055	400,811	413,580	430,233
Employee benefit liabilities and provisions	5,698	6,783	1,085		6,853	6,943	7,072	7,226	7,392	7,620	7,809	8,022	8,238
Provision for other liabilities	17,466	8,790	(8,676)		8,548	6,089	4,819	4,168	3,903	3,878	3,892	3,952	4,001
Total current liabilities	**248,480**	**335,619**	**248,324**		**349,221**	**382,269**	**408,628**	**412,703**	**424,374**	**484,029**	**496,330**	**510,788**	**530,971**
Non-current liabilities													
Derivative financial liabilities	12,831	-	(12,831)		-	-	-	-	-	-	-	-	-
Trade and other payables	-	630	630		630	630	630	630	630	630	630	630	630
Borrowings	248,601	204,929	(43,672)		233,302	261,818	285,929	293,110	300,731	342,421	358,292	369,707	384,594
Employee benefit liabilities	1,474	1,693	219		1,710	1,732	1,764	1,803	1,845	1,901	1,949	2,002	2,056
Provisions for other liabilities	43,687	23,945	(19,742)	7	19,402	17,329	16,429	16,221	16,313	16,566	16,861	17,143	17,383
Total non-current liabilities	**306,593**	**231,197**	**(52,493)**		**255,044**	**281,509**	**304,752**	**311,764**	**319,519**	**361,518**	**377,732**	**389,482**	**404,663**
TOTAL LIABILITIES	**555,072**	**566,815**	**195,830**		**604,264**	**663,777**	**713,379**	**724,466**	**743,892**	**845,546**	**874,061**	**900,269**	**935,633**
EQUITY													
Accumulated funds and retained earnings	4,992,265	4,989,691	(2,574)		5,008,809	5,020,115	5,038,007	5,055,580	5,073,846	5,090,410	5,108,719	5,127,047	5,144,270
Revaluation reserves	1,743,064	1,429,106	(313,958)	8	1,652,349	1,725,655	1,725,655	1,964,522	2,068,679	2,068,679	2,400,855	2,542,700	2,542,700
Hedging reserve	(9,955)	137	10,092	9	137	137	137	137	137	137	137	137	137
Fair value through other comprehensive income reserve	93	63	(30)		63	63	63	63	63	63	63	63	63
Restricted funds	10,716	10,859	143		11,430	12,025	12,637	13,273	13,935	14,625	15,341	16,091	16,873
TOTAL EQUITY	**6,736,183**	**6,429,856**	**(306,327)**		**6,672,788**	**6,757,994**	**6,776,498**	**7,033,575**	**7,156,659**	**7,173,913**	**7,525,115**	**7,686,038**	**7,704,042**
TOTAL EQUITY AND LIABILITIES	**7,291,255**	**6,996,671**	**6,931,883**		**7,277,052**	**7,421,771**	**7,489,877**	**7,758,041**	**7,900,551**	**8,019,459**	**8,399,176**	**8,586,307**	**8,639,675**

4

PROSPECTIVE STATEMENT OF FINANCIAL POSITION

Notes:

1. The prepayments balance of $15m was set to be in line with the actuals available for 2012 and 2013 of $14m and $15m respectively. The 2015/16 forecast figure is based on analysing the historical ratio between the balance of prepayments and the operating expenditure and is less than the forecast AP figure for 2014/15.

2. Movement primarily comprised of movement due to amortisation of loans.

3. Forecast spend for 2014/15 was $8m

4. Revaluation impact on investment properties was not included in the forecast for 2014/15 and the balances were based on the investment properties balance from the actual 2012/13 balance. Despite a revaluation adjustement for the 15/16 year based on the BERL figures it was not enough to offset the impact of the revaluation loss incurred in 2013/14.

5. 2014/15AP balance of PP&E was based on the assumption that 2013/14 actuals would show a revalaution of $176m. The actual result was a loss of $46m.

6. The prepayments balance of $11m was set to be in line with the actuals available for 2012 and 2013 of $11m and $11m respectively. The 2015/16 forecast figure is based on analysing the historical ratio between the balance of revenue in advance and the operating income and is greater than the forecast AP figure for 2014/15. There is also an additonal adjustment for revenue in advance relating to the housing project of $19m.

7. Movement in weatertight homes provision

8. See note 5 on difference due to actual compared with forecast revaluation.

9. We do not forecast movements in derviatives the balances are based on historical balances for prior year actuals.

PROSPECTIVE STATEMENT OF CHANGES IN EQUITY

	2014/15 AP $000	2015/16 LTP $000	Variance to LTP $000	Notes	2016/17 LTP $000	2017/18 LTP $000	2018/19 LTP $000	2019/20 LTP $000	2020/21 LTP $000	2021/22 LTP $000	2022/23 LTP $000	2023/24 LTP $000	2024/25 LTP $000
EQUITY - OPENING BALANCES													
Accumulated funds and retained earnings	4,965,881	4,971,304	5,423	1	4,989,691	5,008,809	5,020,115	5,038,007	5,055,580	5,073,846	5,090,410	5,108,719	5,127,047
Revaluation reserves	1,685,991	1,429,106	(256,885)		1,429,106	1,652,349	1,725,655	1,725,655	1,964,522	2,068,679	2,068,679	2,400,855	2,542,700
Hedging reserve	(9,955)	137	10,092		137	137	137	137	137	137	137	137	137
Fair value through other comprehensive income reserve	93	63	(30)		63	63	63	63	63	63	63	63	63
Restricted funds	10,715	10,320	(395)		10,859	11,430	12,025	12,637	13,273	13,935	14,625	15,341	16,091
TOTAL EQUITY - Opening balance	**6,652,725**	**6,410,930**	**(241,795)**		**6,429,856**	**6,672,788**	**6,757,994**	**6,776,498**	**7,033,575**	**7,156,659**	**7,173,913**	**7,525,115**	**7,686,038**
CHANGES IN EQUITY													
Retained earnings													
Net surplusfor the year	26,385	18,926	(7,459)		19,689	11,900	18,504	18,210	18,927	17,254	19,026	19,078	18,004
Transfer to restricted funds	(3,766)	(4,518)	(752)		(4,630)	(4,751)	(4,877)	(5,018)	(5,163)	(5,330)	(5,499)	(5,694)	(5,894)
Transfer from restricted funds	3,765	3,979	214		4,059	4,157	4,265	4,382	4,502	4,640	4,783	4,944	5,113
Hedging reserve													
Share of other comprehensive income	57,073	-	(57,073)		223,243	73,306	-	238,867	104,157	-	332,176	141,845	-
Restricted Funds													
Transfer to retained earnings	(3,765)	(3,979)	(214)		(4,059)	(4,157)	(4,265)	(4,382)	(4,502)	(4,640)	(4,783)	(4,944)	(5,113)
Transfer from retained earnings	3,766	4,518	752		4,630	4,751	4,877	5,018	5,163	5,330	5,499	5,694	5,894
TOTAL COMPREHENSIVE INCOME	**83,458**	**18,926**	**(64,532)**		**242,932**	**85,206**	**18,504**	**257,077**	**123,084**	**17,254**	**351,202**	**160,923**	**18,004**
EQUITY - CLOSING BALANCES													
Accumulated funds and retained earnings	4,992,265	4,989,691	(2,574)		5,008,809	5,020,115	5,038,007	5,055,580	5,073,846	5,090,410	5,108,719	5,127,047	5,144,270
Revaluation reserves	1,743,064	1,429,106	(313,958)		1,652,349	1,725,655	1,725,655	1,964,522	2,068,679	2,068,679	2,400,855	2,542,700	2,542,700
Fair value through other comprehensive revenue and expense	(9,955)	137	10,092		137	137	137	137	137	137	137	137	137
Restricted funds	93	63	(30)		63	63	63	63	63	63	63	63	63
Hedging reserve	10,716	10,859	143		11,430	12,025	12,637	13,273	13,935	14,625	15,341	16,091	16,873
TOTAL EQUITY - Closing balance	**6,736,183**	**6,429,856**	**(306,327)**		**6,672,788**	**6,757,994**	**6,776,498**	**7,033,575**	**7,156,659**	**7,173,913**	**7,525,115**	**7,686,038**	**7,704,042**

Notes:

6

PROSPECTIVE STATEMENT OF CASH FLOWS

	2014/15 AP $000	2015/16 LTP $000	Variance to LTP $000	Notes	2016/17 LTP $000	2017/18 LTP $000	2018/19 LTP $000	2019/20 LTP $000	2020/21 LTP $000	2021/22 LTP $000	2022/23 LTP $000	2023/24 LTP $000	2024/25 LTP $000
CASH FLOWS FROM OPERATING ACTIVITIES													
Receipts from rates - Council (excluding metered water)	241,387	247,273	5,886		269,858	286,184	301,188	318,161	333,054	347,662	365,583	379,176	389,313
Receipts from water rates by meter	13,879	10,807	(3,072)		14,017	14,782	15,610	15,879	17,011	17,965	18,641	19,664	20,397
Receipts from rates - Greater Wellington Regional Council	50,341	52,659	2,318	1	55,693	59,081	62,174	65,697	68,762	71,781	75,510	78,290	80,362
Receipts from activities and other income	123,013	137,545	14,532	2	108,554	129,256	133,315	137,188	139,306	140,190	142,900	145,955	149,287
Receipts from grants and subsidies - operating	7,715	35,251	27,536		30,739	14,259	16,204	15,725	16,734	16,080	16,691	16,660	17,392
Receipts from grants and subsidies - capital	43,375	6,867	(36,508)		7,746	8,129	8,920	7,539	6,380	7,591	7,454	7,921	8,314
Receipts from investment property lease rentals	9,215	9,135	(80)		9,135	9,135	9,135	9,135	9,135	9,135	9,135	9,135	9,135
Cash paid to suppliers and employees	(286,780)	(281,489)	5,291		(286,984)	(296,630)	(301,697)	(310,096)	(317,734)	(328,244)	(338,719)	(349,254)	(361,027)
Rates paid to Greater Wellington Regional Council	(50,341)	(52,659)	(2,318)	1	(55,693)	(59,081)	(62,174)	(65,697)	(68,762)	(71,781)	(75,510)	(78,290)	(80,362)
Grants paid	(28,719)	(40,981)	(12,262)		(43,207)	(35,860)	(34,914)	(37,457)	(41,010)	(43,614)	(44,063)	(44,563)	(45,085)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**123,085**	**124,408**	**1,323**		**109,858**	**129,255**	**147,761**	**156,074**	**162,876**	**166,765**	**177,622**	**184,694**	**187,726**
CASH FLOWS FROM INVESTING ACTIVITIES													
Dividends received	11,000	11,000	-		11,000	11,100	10,500	11,500	14,918	17,558	17,502	20,047	21,294
Interest received	44	637	593		650	663	719	693	731	776	827	886	952
Proceeds from sale of property, plant and equipment	4,050	4,017	(33)		(4,600)	5,250	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Purchase of Intangibles	(8,777)	(11,195)	(2,418)	3	(6,368)	(9,391)	(6,101)	(6,201)	(6,533)	(8,953)	(6,711)	(6,892)	(7,451)
Purchase of property, plant and equipment	(155,724)	(156,200)	(476)		(141,665)	(165,533)	(170,806)	(139,552)	(149,735)	(223,462)	(173,792)	(171,912)	(180,860)
NET CASH FLOWS FROM INVESTING ACTIVITIES	**(149,407)**	**(151,741)**	**(2,334)**		**(140,983)**	**(157,911)**	**(163,688)**	**(131,560)**	**(138,619)**	**(212,081)**	**(160,174)**	**(155,871)**	**(164,065)**
CASH FLOWS FROM FINANCING ACTIVITIES													
New borrowings	203,964	50,308	(153,656)		60,113	60,416	51,084	15,214	16,147	88,326	33,627	24,184	31,540
Repayment of borrowings	(155,562)	-	155,562		-	-	-	-	-	-	-	-	-
Interest paid on borrowings	(22,080)	(23,526)	(1,446)		(28,439)	(32,054)	(35,415)	(39,212)	(40,267)	(43,651)	(50,929)	(52,985)	(54,957)
NET CASH FLOWS FROM FINANCING ACTIVITIES	**26,322**	**26,782**	**460**		**31,674**	**28,362**	**15,669**	**(23,998)**	**(24,120)**	**44,675**	**(17,302)**	**(28,801)**	**(23,417)**
Net increase/(decrease) in cash and cash equivalents	-	(551)	(551)		549	(294)	(258)	516	137	(641)	146	22	244
Cash and cash equivalents at beginning of year	2,389	1,371	(1,018)		820	1,369	1,075	817	1,333	1,470	829	975	997
CASH AND CASH EQUIVALENTS AT END OF YEAR	**2,389**	**820**	**(1,569)**		**1,369**	**1,075**	**817**	**1,333**	**1,470**	**829**	**975**	**997**	**1,241**

Notes:

1. Wellington City Council collects rates on behalf of GWRC.

2. Increase income from activites is detailed in the Funding Impact Statements by activity.

7

Absolutely Positively **Wellington** City Council
Me Heke Ki Pōneke

PROSPECTIVE STATEMENT OF CHANGES IN RESTRICTED FUNDS

	OPENING BALANCE 2014/15 $000	DEPOSITS $000	EXPENDITURE $000	CLOSING BALANCE 2024/25 $000	Purpose
SPECIAL RESERVES AND FUNDS					
Reserve purchase and development fund	287	-	-	287	Used to purchase and develop reserve areas within the city.
Economic initiatives development fund	-	34,125	(34,125)	-	-
Insurance reserve	9,609	17,065	(10,533)	16,142	Allows the Council to meet the uninsured portion of insurance claims
Total special reserves and funds	**9,896**	**51,190**	**(44,658)**	**16,429**	
TRUSTS AND BEQUESTS					
A Graham Trust	3	1	-	4	For the upkeep of a specific area of Karori Cemetery
A W Newton request	315	160	(150)	325	For the benefit of art (Fine Arts Wellington), education (technical and other night schools) and athletics (rowing)
E A McMillan Estate	6	-	-	6	For the benefit of the public library
E Pengelly Bequest	13	5	-	18	For the purchase of children's books
F L Irvine Smith Memorial	7	2	-	9	For the purchase of books for the Khandallah Library
Greek NZ Memorial Association	5	2	-	7	For the maintenance and upgrade of the memorial
Kidsarus 2 Donation	3	1	-	4	For the purchase of children's books
Kirkaldie and Stains Donation	17	-	-	17	For the beautification of the BNZ site
QEII memorial Book Fund	19	10	-	29	For the purchase of books on the Commonwealth
Schola Cantorum Trust	6	3	-	9	For the purchase of musical scores
Stanley Banks Trust	6	-	-	6	To be available for bursaries for children of World War II servicemen
Terawhiti Grant	10	-	-	10	To be used on library book purchases
Wellington Beautifying Society Request	14	-	(14)	-	Used towards "the Greening of Taranaki Street" project
Total trusts and bequests	**424**	**184**	**(164)**	**444**	
Total restricted funds	**10,320**	**51,374**	**(44,822)**	**16,873**	

In addition to the above, the Council is proposing to establish a Forest Carbon Reserve Fund on the basis that it will reinvest a share of revenue from the sale of forestry emission units under the New Zealand Emissions Trading Scheme or Permanent Forest Sink Initiative to protect or enhance the Council's forest carbon stocks. Other revenues generated from the sale of emission units or from costs recovered by way of fees and charges in regard to the New Zealand Emissions Trading Scheme will be treated as other revenues received by the Council. We are not anticipating any revenue for this fund in the 2014/15 year.

8

Summary of Significant Accounting Policies

Reporting entity

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

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

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

Basis of preparation

Statement of compliance

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

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

The reporting period for these prospective financial statements is the 10 year period ending 30 June 2025. The prospective financial statements are presented in New Zealand dollars, rounded to the nearest thousand ($000), unless otherwise stated.

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

Measurement base

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

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

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

Judgements and estimations

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

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

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

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

Revenue

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

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

Revenue from exchange transactions

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

Revenue from non-exchange transactions

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

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

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

Approximately equal value

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

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

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

Rates

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

Water rates by meter are regulated in the same way as other rates and are taxes that use a specific charging mechanism to collect the rate and are non-exchange revenue.

Operating activities

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

Grants, subsidies and reimbursements

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

Reimbursements are recognised upon entitlement, which is when conditions relating to the eligible expenditure have been fulfilled.

Development contributions

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

Rendering of services

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

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

Fines and penalties

Revenue from fines and penalties (eg traffic and parking infringements, library overdue book fines, rates penalties) is recognised when infringement notices are issued or when the fines/penalties are otherwise imposed.

Sale of goods

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

Investment revenues

Dividends

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

Investment property lease rentals

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

Other revenue

Donated, subsidised or vested assets

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

Gains

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

Finance revenue

Interest

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

Donated services

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

Expenses

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

Operating activities

Grants and sponsorships

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

Finance expense

Interest

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

Depreciation and amortisation

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

Taxation

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

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

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

Goods and Services Tax (GST)

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

Financial instruments

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

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

Financial assets

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

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

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

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

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

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

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

Financial liabilities

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

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

Derivatives

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

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

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

Inventories

Inventories consumed in the provision of services (such as botanical supplies) are measured at the lower of cost and current replacement cost.

Inventories held for resale (such as rubbish bags), are recorded at the lower of cost (determined on a first-in, first-out basis) and net realisable value. This valuation includes allowances for slow-moving and obsolete stock. Net realisable value is the estimated selling price in the ordinary course of business.

Inventories held for distribution at no or nominal cost, are recorded at the lower of cost and current replacement cost.

Investment properties

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

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

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

Non-current assets classified as held for sale

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

- the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets;
- a plan to sell the asset is in place and an active programme to locate a buyer has been initiated;
- the asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value;
- the sale is expected to occur within one year or beyond one year where a delay has occurred which is caused by events beyond the Group's control and there is sufficient evidence the Group remains committed to sell the asset; and
- actions required to complete the sale indicate it is unlikely that significant changes to the plan will be made or the plan will be withdrawn.
- A non-current asset classified as held for sale is recognised at the lower of its carrying amount or fair value less costs to sell. Impairment losses on initial classification are included within surplus or deficit.

Property, plant and equipment

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

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

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

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

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

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

Recognition

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

Measurement

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

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

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

Specific measurement policies for categories of property, plant and equipment are shown below:

Operational assets

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

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

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

Restricted assets

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

Infrastructure assets

Infrastructure assets (roading network, water, waste and drainage reticulation assets) are valued at optimised depreciated replacement cost on a three-year cycle by independent registered valuers. Infrastructure valuations are based on current quotes from actual suppliers. As such, they include ancillary costs such as breaking through seal, traffic control and rehabilitation. Between valuations, expenditure on asset improvements is capitalised at cost.

Infrastructure land (excluding land under roads) is valued at fair value on a three-year cycle.

Land under roads, which represents the corridor of land directly under and adjacent to the Council's roading network, was valued as at 30 June 2005 at the average value of surrounding adjacent land discounted by 50% to reflect its restricted nature. The Council elected to use the fair value of land under roads at 30 June 2005 as the deemed cost of the asset. Land under roads is no longer revalued. Subsequent additions have been recorded at cost.

The service concession asset class consists of the Moa Point, Western (Karori) and Carey's Gulley waste water treatment plants which are owned by the Council but operated by Veolia Water under agreement. The assets are valued consistently with waste infrastructure network assets.

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

Revaluations

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

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

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

Impairment

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

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

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

Disposal

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

Work in progress

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

Depreciation

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

Asset Category	Useful Life (years)	Depreciation Rate
Land	unlimited	not depreciated
Buildings	1 ~75	1.33 ~ 100%
Civic Centre Complex	10 ~ 78	1.28 ~ 10%
Plant and equipment	3 ~ 100	1 ~ 33.3%
Library collection	3 ~ 11	9.1 ~ 33.3%
Restricted assets (excluding buildings)	unlimited	not depreciated
Infrastructure assets:		
Land (including land under roads)	unlimited	not depreciated
Roading:		
Formation / earthworks	unlimited	not depreciated
Pavement	13 ~ 40	2.5 ~ 7.7%
Traffic islands	80	1.25%
Bridges and tunnels	3 ~ 175	0.57 ~ 33.3%
Drainage	60 ~130	0.8% ~ 130%
Retaining walls	30 ~ 75	1.33 ~ 3.33%
Pedestrian walkways	10 ~ 50	2 ~ 10%
Pedestrian furniture	10 ~ 25	4 ~ 10%
Barriers (handrails, guardrails)	25	4%
Lighting	3 ~ 50	2 ~ 33.3%
Cycleway network	25	4%
Parking equipment	8 ~ 10	10 ~ 12.5%
Passenger transport facilities	25	4%
Traffic infrastructure	5 ~ 40	2.5 ~ 20%
Drainage, waste and water:		
Pipework	50 ~ 130	0.77 ~ 2%
Fittings	25 ~ 110	0.91 ~ 4%
Water pump stations	20 ~ 100	1 ~ 5%
Water reservoirs	25 ~ 100	1 ~ 4%
Equipment	20	5%
Sewer pump stations	20 ~ 80	1.25 ~ 5%
Tunnels	3 ~ 175	0.57 ~ 33.3%
Treatment plants	3 ~ 100	1 ~ 33.3%

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

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

Intangible assets

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

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

Computer software	1 to 7 years	14.29% to 100%

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

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

Research and Development

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

Leases

Operating leases as lessee

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

Operating leases as lessor

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

Finance leases

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

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

Employee benefit liabilities

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

Holiday leave

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

Retirement gratuities

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

Other contractual entitlements

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

Provisions

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

Landfill post-closure costs

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

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

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

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

ACC partnership programme

The Council is an Accredited Employer under the ACC Partnership Programme. As such the Council accepts the management and financial responsibility of our employee work-related injuries. From 1 April 2009 the Council changed its agreement with ACC from Full Self Cover (FSC) to Partnership Discount Plan (PDP). Under the PDP option, the Council is responsible for managing work related injury claims for a two-year period only and transfer ongoing claims to ACC at the end of the two-year claim management period with no further liability. Under the ACC Partnership Programme the Council is effectively providing accident insurance to employees and this is accounted for as an insurance contract. The value of this liability represents the expected future payments in relation to work-related injuries occurring up to the end of the reporting period for which the Council has responsibility under the terms of the Partnership Programme.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the Council to make specified payments to reimburse the contract holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at fair value. The Council measures the fair value of a financial guarantee by determining the probability of the guarantee being called by the holder. The probability factor is then applied to the principal and the outcome discounted to present value.

Financial guarantees are subsequently measured at the higher of the Council's best estimate of the obligation or the amount initially recognised less any amortisation.

Net Assets/Equity

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

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

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

Prospective Statement of Cash Flows

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

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

Related parties

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

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

Cost allocation

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

Comparatives

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

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

Public Benefit Entity Financial Reporting Standard 42 *Prospective Financial Statements* (PBE FRS 42)

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

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

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

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

It is a requirement of the Local Government Act 2002 to present prospective financial statements that span 1 year and include them within the Long-term Plan. This provides an opportunity for ratepayers and residents to review the projected financial results and position of the Council. Prospective financial statements are revised annually to reflect updated assumptions and costs.

(*iii) Bases for assumptions, risks and uncertainties*

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

(iv) Cautionary Note

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

(iv) Other Disclosures

These draft prospective financial statements were adopted as part of the assumptions that form the 2015-2025 Long-term Plan consultative documents for Wellington City Council. The Council is responsible for the draft prospective financial statements presented, including the assumptions underlying prospective financial statements and all other disclosures. The Long-term Plan is prospective and as such contains no actual operating results.

FUNDING IMPACT STATEMENTS:

Our 10-year plan

Wellington City Council's Draft Long-term Plan 2015-25

Absolutely Positively Wellington City Council
Me Heke Ki Pōneke

Absolutely Positively
Wellington City Council
Me Heke Ki Pōneke

Item 2.2 Attachment 6

FUNDING IMPACT STATEMENT
FOR WHOLE OF COUNCIL

	2014/15 AP $000	2015/16 LTP $000	Variance to LTP $000	Notes	2016/17 LTP $000	2017/18 LTP $000	2018/19 LTP $000	2019/20 LTP $000	2020/21 LTP $000	2021/22 LTP $000	2022/23 LTP $000	2023/24 LTP $000	2024/25 LTP $000
Sources of operating funding													
General rates, uniform annual general charges, rates penalties	134,936	149,670	14,734		159,987	170,289	180,755	191,533	200,521	210,294	223,307	229,776	234,699
Targeted rates (other than a targeted rate for water supply)	106,451	106,527	76		110,584	116,624	121,571	126,965	132,738	137,551	142,566	149,510	154,614
Subsidies and grants for operating purposes	7,714	6,868	(846)		7,745	8,129	6,931	7,539	6,379	7,591	7,453	7,923	8,313
Fees, charges, and targeted rates for water supply *	134,566	135,764	1,198		139,654	143,371	147,022	151,939	154,944	156,337	159,904	163,900	167,692
Interest and dividends from investments	11,044	11,013	(31)		11,013	11,113	10,513	11,513	14,931	17,571	17,515	20,060	21,307
Local authorities fuel tax, fines, infringement fees, and other receipts	9,541	9,255	(286)		9,517	9,679	9,827	9,980	10,149	10,336	10,533	10,741	10,984
Total operating funding (A)	**404,252**	**419,097**	**14,845**		**438,500**	**459,205**	**476,619**	**499,469**	**519,662**	**539,680**	**561,278**	**581,910**	**597,609**
Applications of operating funding													
Payments to staff and suppliers	269,637	277,163	7,526		282,241	291,774	299,841	310,133	318,366	329,372	339,729	350,290	362,154
Finance costs	23,041	23,726	685	**1**	28,520	32,006	35,105	38,898	39,884	43,298	50,506	52,480	54,326
Internal charges and overheads applied	-	-	-		-	-	-	-	-	-	-	-	-
Other operating funding applications	28,958	41,544	12,586		43,534	36,207	35,769	38,324	41,884	44,480	44,938	45,452	45,984
Total applications of operating funding (B)	**321,636**	**342,433**	**20,797**		**354,295**	**359,987**	**370,715**	**387,355**	**400,134**	**417,150**	**435,173**	**448,222**	**462,464**
Surplus (deficit) of operating funding (A - B)	**82,616**	**76,664**	**(5,952)**		**84,205**	**99,218**	**105,904**	**112,114**	**119,528**	**122,530**	**126,105**	**133,688**	**135,145**
Sources of capital funding													
Subsidies and grants for capital expenditure	43,375	35,250	(8,125)	**2**	33,739	27,359	25,693	15,725	16,734	16,080	16,692	16,659	17,393
Development and financial contributions	2,000	2,000	-		2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Increase (decrease) in debt	35,777	50,358	14,580		60,178	60,482	51,065	15,194	16,123	88,308	33,606	24,167	31,519
Gross proceeds from sales of assets	4,050	2,650	(1,400)	**3**	4,600	5,250	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Lump sum contributions	-	-	-		-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**85,202**	**90,258**	**5,055**		**100,517**	**95,091**	**80,758**	**34,919**	**36,857**	**108,388**	**54,298**	**44,826**	**52,912**
Applications of capital funding													
Capital expenditure													
- to meet additional demand	2,558	2,593	35		1,830	7,739	2,845	6,353	4,512	9,744	7,369	9,163	3,118
- to improve the level of service	69,965	63,289	(6,676)		74,565	85,313	86,245	51,317	50,975	123,672	74,731	72,198	69,618
- to replace existing assets	79,480	97,744	18,264		82,683	93,577	92,757	86,113	98,669	95,947	97,228	96,544	115,119
Increase (decrease) in reserves	15,815	3,296	(12,520)		25,644	7,680	4,815	3,250	2,229	1,555	1,075	609	202
Increase (decrease) in investments	-	-	-		-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	**167,818**	**166,922**	**(897)**		**184,722**	**194,309**	**186,662**	**147,033**	**156,385**	**230,918**	**180,403**	**178,514**	**188,057**
Surplus (deficit) of capital funding (C - D)	**(82,616)**	**(76,664)**	**5,952**		**(84,205)**	**(99,218)**	**(105,904)**	**(112,114)**	**(119,528)**	**(122,530)**	**(126,105)**	**(133,688)**	**(135,145)**
Funding balance ((A - B) + (C - D))	**-**	**-**	**(0)**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Expenses for this activity grouping include the following depreciation/amortisation charge	102,165	99,278	1,027		102,214	109,048	113,441	117,790	126,110	130,569	133,450	141,684	145,500

* Only the Water activity includes metered water rates

Notes:

1. Debt levels have increased between 14/15 and 15/16 and interest rates have decreased creating a modest interest increase.

2. Decrease in crown funding between 14/15 and 15/16 for the Housing upgrade project offset by an increase in NZTA funding between 14/15 and 15/16.

3. $2m a year assumed for asset sales of surplus to requirement land, plus assumed Waterfront proceeds.

2

FUNDING IMPACT STATEMENT
1.1 **FOR GOVERNANCE, INFORMATION AND ENGAGEMENT**

	2014/15 AP $000	2015/16 LTP $000	Variance to LTP $000	Notes	2016/17 LTP $000	2017/18 LTP $000	2018/19 LTP $000	2019/20 LTP $000	2020/21 LTP $000	2021/22 LTP $000	2022/23 LTP $000	2023/24 LTP $000	2024/25 LTP $000
Sources of operating funding													
General rates, uniform annual general charges, rates penalties	14,214	15,419	1,205		16,085	15,830	16,115	17,499	17,385	17,964	18,825	18,259	18,870
Targeted rates (other than a targeted rate for water supply)	-	-	-		-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-		-	-	-	-	-	-	-	-	-
Fees, charges, and targeted rates for water supply *	565	508	(57)		889	528	539	945	562	575	1,012	603	619
Internal charges and overheads recovered	-	-	-		-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-		-	-	-	-	-	-	-	-	-
Total operating funding (A)	**14,779**	**15,927**	**1,148**		**16,974**	**16,358**	**16,654**	**18,444**	**17,947**	**18,539**	**19,837**	**18,862**	**19,489**
Applications of operating funding													
Payments to staff and suppliers	7,820	9,059	1,239	**1**	9,841	9,163	9,475	10,568	9,851	10,229	11,431	10,720	11,073
Finance costs	15	16	1		19	21	24	28	29	31	37	39	41
Internal charges and overheads applied	6,570	6,794	224		7,065	7,109	7,091	7,793	8,002	8,228	8,320	8,055	8,327
Other operating funding applications	313	10	(303)	**2**	10	10	10	10	10	10	10	10	10
Total applications of operating funding (B)	**14,718**	**15,879**	**1,161**		**16,935**	**16,303**	**16,600**	**18,399**	**17,892**	**18,498**	**19,798**	**18,824**	**19,451**
Surplus (deficit) of operating funding (A - B)	**61**	**48**	**(13)**		**39**	**55**	**54**	**45**	**55**	**41**	**39**	**38**	**38**
Sources of capital funding													
Subsidies and grants for capital expenditure	-	-	-		-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	(61)	(48)	13		77	(55)	(54)	81	(55)	(41)	99	(38)	(38)
Gross proceeds from sales of assets	-	-	-		-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-		-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**(61)**	**(48)**	**13**		**77**	**(55)**	**(54)**	**81**	**(55)**	**(41)**	**99**	**(38)**	**(38)**
Applications of capital funding													
Capital expenditure													
- to meet additional demand	-	-	-		-	-	-	-	-	-	-	-	-
- to improve the level of service	-	-	-		-	-	-	-	-	-	-	-	-
- to replace existing assets	-	-	-		116	-	-	126	-	-	138	-	-
Increase (decrease) in reserves	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in investments	-	-	-		-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	**-**	**-**	**-**		**116**	**-**	**-**	**126**	**-**	**-**	**138**	**-**	**-**
Surplus (deficit) of capital funding (C - D)	**(61)**	**(48)**	**13**		**(39)**	**(55)**	**(54)**	**(45)**	**(55)**	**(41)**	**(39)**	**(38)**	**(38)**
Funding balance ((A - B) + (C - D))	**-**	**-**	**-**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Expenses for this activity grouping include the following depreciation/amortisation charge	**61**	**48**	6		**39**	**55**	**54**	**45**	**55**	**41**	**39**	**38**	**38**

* Only the Water activity includes metered water rates

Notes:

1. Costs associated with delivery of Governance, Information and Engagement activities have been reclassified out of corporate costs, to better represent total actual spend on these activities.

2. Funding for the Smart Energy Capital initiative has been moved to Activity 2.2.

3

FUNDING IMPACT STATEMENT
1.2 **FOR MAORI AND MANA WHENUA PARTNERSHIPS**

	2014/15 AP $000	2015/16 LTP $000	Variance to LTP $000	Notes	2016/17 LTP $000	2017/18 LTP $000	2018/19 LTP $000	2019/20 LTP $000	2020/21 LTP $000	2021/22 LTP $000	2022/23 LTP $000	2023/24 LTP $000	2024/25 LTP $000
Sources of operating funding													
General rates, uniform annual general charges, rates penalties	225	281	56		288	296	304	312	321	330	340	352	365
Targeted rates (other than a targeted rate for water supply)	-	-	-		-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-		-	-	-	-	-	-	-	-	-
Fees, charges, and targeted rates for water supply *	-	-	-		-	-	-	-	-	-	-	-	-
Internal charges and overheads recovered	-	-	-		-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-		-	-	-	-	-	-	-	-	-
Total operating funding (A)	**225**	**281**	**56**		**288**	**296**	**304**	**312**	**321**	**330**	**340**	**352**	**365**
Applications of operating funding													
Payments to staff and suppliers	214	267	53		274	281	289	298	306	316	326	337	350
Finance costs	1	1	-		1	1	1	-	-	-	-	-	-
Internal charges and overheads applied	8	11	3		11	12	12	12	13	13	13	14	14
Other operating funding applications	-	-	-		-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	**223**	**279**	**56**		**286**	**294**	**302**	**310**	**319**	**329**	**339**	**351**	**364**
Surplus (deficit) of operating funding (A - B)	**2**	**2**	**-**		**2**	**2**	**2**	**2**	**2**	**1**	**1**	**1**	**1**
Sources of capital funding													
Subsidies and grants for capital expenditure	-	-	-		-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	(2)	(2)	-		(2)	(2)	(2)	(2)	(2)	(1)	(1)	(1)	(1)
Gross proceeds from sales of assets	-	-	-		-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-		-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**(2)**	**(2)**	**-**		**(2)**	**(2)**	**(2)**	**(2)**	**(2)**	**(1)**	**(1)**	**(1)**	**(1)**
Applications of capital funding													
Capital expenditure													
- to meet additional demand	-	-	-		-	-	-	-	-	-	-	-	-
- to improve the level of service	-	-	-		-	-	-	-	-	-	-	-	-
- to replace existing assets	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in reserves	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in investments	-	-	-		-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	**-**	**-**	**-**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Surplus (deficit) of capital funding (C - D)	**(2)**	**(2)**	**-**		**(2)**	**(2)**	**(2)**	**(2)**	**(2)**	**(1)**	**(1)**	**(1)**	**(1)**
Funding balance ((A - B) + (C - D))	**-**	**-**	**-**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Expenses for this activity grouping include the following depreciation/amortisation charge	2	2	2		2	2	2	2	2	1	1	1	1

* Only the Water activity includes metered water rates

Notes:

4

Item 2.2 Attachment 6

FUNDING IMPACT STATEMENT

2.1 **FOR GARDENS, BEACHES AND GREEN OPEN SPACES**

	2014/15 AP $000	2015/16 LTP $000	Variance to LTP $000	Notes	2016/17 LTP $000	2017/18 LTP $000	2018/19 LTP $000	2019/20 LTP $000	2020/21 LTP $000	2021/22 LTP $000	2022/23 LTP $000	2023/24 LTP $000	2024/25 LTP $000
Sources of operating funding													
General rates, uniform annual general charges, rates penalties	27,267	30,313	3,046		30,804	31,799	33,111	34,916	35,643	36,393	38,177	39,029	40,234
Targeted rates (other than a targeted rate for water supply)	632	-	(632)		-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	671	664	(7)		782	834	792	880	699	879	851	915	967
Fees, charges, and targeted rates for water supply *	1,314	1,437	123		1,465	1,494	1,525	1,557	1,591	1,629	1,667	1,708	1,751
Internal charges and overheads recovered	5,101	5,111	10		5,203	5,311	5,418	5,536	5,658	5,791	5,934	6,088	6,251
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-		-	-	-	-	-	-	-	-	-
Total operating funding (A)	**34,985**	**37,525**	**2,540**		**38,254**	**39,438**	**40,846**	**42,889**	**43,591**	**44,692**	**46,629**	**47,740**	**49,203**
Applications of operating funding													
Payments to staff and suppliers	17,767	19,225	1,458	**1**	19,387	20,018	20,777	21,738	22,033	22,720	23,361	24,041	24,855
Finance costs	1,834	2,037	203		2,383	2,626	3,041	3,539	3,701	3,940	4,640	4,872	5,059
Internal charges and overheads applied	11,520	12,212	692		12,445	12,733	12,999	13,483	13,756	13,942	14,367	14,565	14,866
Other operating funding applications	100	120	20		121	101	101	102	102	102	103	103	103
Total applications of operating funding (B)	**31,221**	**33,594**	**2,373**		**34,336**	**35,478**	**36,918**	**38,862**	**39,592**	**40,704**	**42,471**	**43,581**	**44,883**
Surplus (deficit) of operating funding (A - B)	**3,764**	**3,931**	**167**		**3,918**	**3,960**	**3,928**	**4,027**	**3,999**	**3,988**	**4,158**	**4,159**	**4,320**
Sources of capital funding													
Subsidies and grants for capital expenditure	620	650	30		-	50	600	150	507	507	507	507	507
Development and financial contributions	183	183	-		183	183	183	183	183	183	183	183	183
Increase (decrease) in debt	(1,562)	(2,182)	(620)		(1,419)	(717)	(1,495)	(1,787)	(1,073)	3,583	(1,997)	(1,832)	(723)
Gross proceeds from sales of assets	-	-	-		-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-		-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**(759)**	**(1,349)**	**(590)**		**(1,236)**	**(484)**	**(712)**	**(1,454)**	**(383)**	**4,273**	**(1,307)**	**(1,142)**	**(33)**
Applications of capital funding													
Capital expenditure													
- to meet additional demand	34	70	36		82	87	37	38	39	4,040	42	43	45
- to improve the level of service	1,180	1,081	(99)		842	888	1,209	452	995	1,154	929	961	995
- to replace existing assets	1,791	1,431	(360)	**2**	1,758	2,501	1,970	2,083	2,582	3,067	1,880	2,013	3,247
Increase (decrease) in reserves	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in investments	-	-	-		-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	**3,005**	**2,582**	**(423)**		**2,682**	**3,476**	**3,216**	**2,573**	**3,616**	**8,261**	**2,851**	**3,017**	**4,287**
Surplus (deficit) of capital funding (C - D)	**(3,764)**	**(3,931)**	**(167)**		**(3,918)**	**(3,960)**	**(3,928)**	**(4,027)**	**(3,999)**	**(3,988)**	**(4,158)**	**(4,159)**	**(4,320)**
Funding balance ((A - B) + (C - D))	-	-	-		-	-	-	-	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge	4,042	3,931	(414)		3,918	3,960	3,928	4,027	3,999	3,988	4,158	4,159	4,320

* Only the Water activity includes metered water rates

Notes:

1. After an unsuccessful trial period, Council has agreed to not replace the current public rubbish bin system, which was expected to provide savings of $500k per annum. Additional budget contingency of $350k included to allow continued maintenance of the Oriental Bay beachfront. Costs associated with maintaining public spaces on the waterfront have been moved from Activity 6 from in the 2014/15 Annual Plan.

2. Reduced budget in the 2015-25 Long-term Plan Year 1 due to the completion in 2014/15 of renovations to the caretaker's house at Otari-Wilton's Bush, and refurbishment of the baithouse at Greta Point.

5

Item 2.2 Attachment 6

FUNDING IMPACT STATEMENT
2.2 **FOR WASTE REDUCTION AND ENERGY CONSERVATION**

	2014/15 AP $000	2015/16 LTP $000	Variance to LTP $000	Notes	2016/17 LTP $000	2017/18 LTP $000	2018/19 LTP $000	2019/20 LTP $000	2020/21 LTP $000	2021/22 LTP $000	2022/23 LTP $000	2023/24 LTP $000	2024/25 LTP $000
Sources of operating funding													
General rates, uniform annual general charges, rates penalties	404	758	354		684	511	492	547	566	1,163	1,862	1,961	2,117
Targeted rates (other than a targeted rate for water supply)	-	-	-		-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-		-	-	-	-	-	-	-	-	-
Fees, charges, and targeted rates for water supply *	12,926	12,876	(50)		13,273	13,602	13,772	14,382	14,756	14,682	14,419	14,767	15,140
Internal charges and overheads recovered	-	-	-		-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-		-	-	-	-	-	-	-	-	-
Total operating funding (A)	**13,330**	**13,634**	**304**		**13,957**	**14,113**	**14,264**	**14,929**	**15,322**	**15,845**	**16,281**	**16,728**	**17,257**
Applications of operating funding													
Payments to staff and suppliers	11,873	12,127	254	1	12,423	12,732	13,074	13,442	13,820	14,256	14,707	15,213	15,745
Finance costs	1,005	878	(127)		777	661	463	442	414	494	490	471	414
Internal charges and overheads applied	(112)	44	156		43	42	47	83	100	90	65	21	4
Other operating funding applications	5	255	250	2	255	105	105	105	105	105	105	105	105
Total applications of operating funding (B)	**12,771**	**13,304**	**533**		**13,498**	**13,540**	**13,689**	**14,072**	**14,439**	**14,945**	**15,367**	**15,810**	**16,268**
Surplus (deficit) of operating funding (A - B)	**559**	**330**	**(229)**		**459**	**573**	**575**	**857**	**883**	**900**	**914**	**918**	**989**
Sources of capital funding													
Subsidies and grants for capital expenditure	-	-	-		-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	217	4,521	4,304		2,412	3,097	4,649	264	211	1,048	(303)	2,315	2,359
Gross proceeds from sales of assets	-	-	-		-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-		-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**217**	**4,521**	**4,304**		**2,412**	**3,097**	**4,649**	**264**	**211**	**1,048**	**(303)**	**2,315**	**2,359**
Applications of capital funding													
Capital expenditure													
- to meet additional demand	-	-	-		-	-	-	-	-	-	-	-	-
- to improve the level of service	67	-	(67)		-	-	-	-	-	-	-	-	-
- to replace existing assets	709	4,851	4,142	3	2,871	3,670	5,224	1,121	1,094	1,948	611	3,233	3,348
Increase (decrease) in reserves	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in investments	-	-	-		-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	**776**	**4,851**	**4,075**		**2,871**	**3,670**	**5,224**	**1,121**	**1,094**	**1,948**	**611**	**3,233**	**3,348**
Surplus (deficit) of capital funding (C - D)	**(559)**	**(330)**	**229**		**(459)**	**(573)**	**(575)**	**(857)**	**(883)**	**(900)**	**(914)**	**(918)**	**(989)**
Funding balance ((A - B) + (C - D))	**-**	**-**	**-**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Expenses for this activity grouping include the following depreciation/amortisation charge	435	326	(383)		459	573	575	857	883	900	914	918	989

* Only the Water activity includes metered water rates

Notes:

1. Costs have increased within this activity as a result of inflationary and other contractual pressures.

2. Council has agreed to extend the Smart Energy Capital Initiative for an extra year past the original 3-year period from 2013/14 to 2015/16. Funding has been moved from activity 1.1 (Governance, Information and Engagement).

3. Council has approved budget for planning and construction of the Southern Landfill Stage 4 extention.

6

FUNDING IMPACT STATEMENT
2.3 **FOR WATER**

	2014/15 AP $000	2015/16 LTP $000	Variance to LTP $000	Notes	2016/17 LTP $000	2017/18 LTP $000	2018/19 LTP $000	2019/20 LTP $000	2020/21 LTP $000	2021/22 LTP $000	2022/23 LTP $000	2023/24 LTP $000	2024/25 LTP $000
Sources of operating funding													
General rates, uniform annual general charges, rates penalties	-	-	-		-	-	-	-	-	-	-	-	-
Targeted rates (other than a targeted rate for water supply)	25,408	24,590	(818)		25,745	27,274	28,880	30,698	33,335	34,912	36,085	38,195	39,362
Subsidies and grants for operating purposes	-	-	-		-	-	-	-	-	-	-	-	-
Fees, charges, and targeted rates for water supply *	13,912	13,581	(331)	1	14,216	15,060	15,946	16,948	18,401	19,269	19,918	21,081	21,724
Internal charges and overheads recovered	-	-	-		-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-		-	-	-	-	-	-	-	-	-
Total operating funding (A)	**39,320**	**38,171**	**(1,149)**		**39,961**	**42,334**	**44,826**	**47,646**	**51,736**	**54,181**	**56,003**	**59,276**	**61,086**
Applications of operating funding													
Payments to staff and suppliers	21,547	22,210	663	2	23,672	24,930	27,050	29,406	32,248	34,499	35,730	37,433	39,167
Finance costs	2,104	2,147	43		2,447	2,621	2,951	3,332	3,374	3,471	3,938	3,972	3,951
Internal charges and overheads applied	1,522	1,532	10		1,559	1,593	1,626	1,676	1,716	1,756	1,790	1,824	1,870
Other operating funding applications	-	-	-		-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	**25,173**	**25,889**	**716**		**27,678**	**29,144**	**31,627**	**34,414**	**37,338**	**39,726**	**41,458**	**43,229**	**44,988**
Surplus (deficit) of operating funding (A - B)	**14,147**	**12,282**	**(1,865)**		**12,283**	**13,190**	**13,199**	**13,232**	**14,398**	**14,455**	**14,545**	**16,047**	**16,098**
Sources of capital funding													
Subsidies and grants for capital expenditure	-	-	-		-	-	-	-	-	-	-	-	-
Development and financial contributions	671	671	-		671	671	671	671	671	671	671	671	671
Increase (decrease) in debt	(2,523)	4,136	6,659		2,234	1,814	6,715	7,738	4,719	8,690	11,503	3,578	6,404
Gross proceeds from sales of assets	-	-	-		-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-		-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**(1,852)**	**4,807**	**6,659**		**2,905**	**2,485**	**7,386**	**8,409**	**5,390**	**9,361**	**12,174**	**4,249**	**7,075**
Applications of capital funding													
Capital expenditure													
- to meet additional demand	358	571	213		547	651	502	665	630	735	756	647	666
- to improve the level of service	2,833	3,093	260		4,325	5,328	7,390	7,635	7,222	10,977	11,420	6,452	6,666
- to replace existing assets	9,104	13,425	4,321	3	10,316	9,696	12,693	13,341	11,936	12,104	14,543	13,197	15,841
Increase (decrease) in reserves	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in investments	-	-	-		-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	**12,295**	**17,089**	**4,794**		**15,188**	**15,675**	**20,585**	**21,641**	**19,788**	**23,816**	**26,719**	**20,296**	**23,173**
Surplus (deficit) of capital funding (C - D)	**(14,147)**	**(12,282)**	**1,865**		**(12,283)**	**(13,190)**	**(13,199)**	**(13,232)**	**(14,398)**	**(14,455)**	**(14,545)**	**(16,047)**	**(16,098)**
Funding balance ((A - B) + (C - D))	-	-	-		-	-	-	-	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge	14,739	12,282	(69)		12,283	13,190	13,199	13,232	14,398	14,455	14,545	16,047	16,098

* Only the Water activity includes metered water rates

Notes:

1. Water network costs have reduced resulting in less recovered from water rates

2. Greater Wellington Regional Council bulk water charges have increased 5% from last years budget.

3. The variance is a result of the availability and use of improved asset information and asset management systems, these systems have resulted in better informed renewals spend.

7

FUNDING IMPACT STATEMENT
2.4 **FOR WASTEWATER**

	2014/15 AP $000	2015/16 LTP $000	Variance to LTP $000	Notes	2016/17 LTP $000	2017/18 LTP $000	2018/19 LTP $000	2019/20 LTP $000	2020/21 LTP $000	2021/22 LTP $000	2022/23 LTP $000	2023/24 LTP $000	2024/25 LTP $000
Sources of operating funding													
General rates, uniform annual general charges, rates penalties	-	-	-		-	-	-	-	-	-	-	-	-
Targeted rates (other than a targeted rate for water supply)	36,257	37,826	1,569		39,275	41,250	42,801	44,737	47,133	48,814	50,945	53,947	55,784
Subsidies and grants for operating purposes	-	-	-		-	-	-	-	-	-	-	-	-
Fees, charges, and targeted rates for water supply *	1,227	1,233	6		1,256	1,281	1,308	1,335	1,364	1,396	1,430	1,464	1,501
Internal charges and overheads recovered	-	-	-		-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-		-	-	-	-	-	-	-	-	-
Total operating funding (A)	**37,484**	**39,059**	**1,575**		**40,531**	**42,531**	**44,109**	**46,072**	**48,497**	**50,210**	**52,375**	**55,411**	**57,285**
Applications of operating funding													
Payments to staff and suppliers	21,070	21,355	285	**1**	22,379	23,405	24,557	25,916	27,188	28,660	30,176	31,810	33,495
Finance costs	3,577	3,783	206		4,157	4,290	4,570	4,995	5,020	5,099	5,597	5,631	5,616
Internal charges and overheads applied	3,541	3,646	105		3,714	3,799	3,885	4,003	4,104	4,208	4,303	4,403	4,525
Other operating funding applications	-	-	-		-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	**28,188**	**28,784**	**596**		**30,250**	**31,494**	**33,012**	**34,914**	**36,312**	**37,967**	**40,076**	**41,844**	**43,636**
Surplus (deficit) of operating funding (A - B)	**9,296**	**10,275**	**979**		**10,281**	**11,037**	**11,097**	**11,158**	**12,185**	**12,243**	**12,299**	**13,567**	**13,649**
Sources of capital funding													
Subsidies and grants for capital expenditure	-	-	-		-	-	-	-	-	-	-	-	-
Development and financial contributions	549	549	-		549	549	549	549	549	549	549	549	549
Increase (decrease) in debt	(2,100)	(259)	1,841		651	1,889	309	2,096	(1,879)	(2,135)	(767)	142	11,591
Gross proceeds from sales of assets	-	-	-		-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-		-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**(1,551)**	**290**	**1,841**		**1,200**	**2,438**	**858**	**2,645**	**(1,330)**	**(1,586)**	**(218)**	**691**	**12,140**
Applications of capital funding													
Capital expenditure													
- to meet additional demand	172	225	53		233	322	319	368	319	325	358	400	533
- to improve the level of service	-	-	-		318	1,622	1,746	1,796	153	158	163	169	175
- to replace existing assets	7,573	10,340	2,767	**2**	10,930	11,531	9,890	11,639	10,383	10,174	11,560	13,689	25,081
Increase (decrease) in reserves	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in investments	-	-	-		-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	**7,745**	**10,565**	**2,820**		**11,481**	**13,475**	**11,955**	**13,803**	**10,855**	**10,657**	**12,081**	**14,258**	**25,789**
Surplus (deficit) of capital funding (C - D)	**(9,296)**	**(10,275)**	**(979)**		**(10,281)**	**(11,037)**	**(11,097)**	**(11,158)**	**(12,185)**	**(12,243)**	**(12,299)**	**(13,567)**	**(13,649)**
Funding balance ((A - B) + (C - D))	-	-	-		-	-	-	-	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge	13,416	13,428	(740)		13,434	14,421	14,481	14,542	15,847	15,881	15,933	17,549	17,631

* Only the Water activity includes metered water rates

Notes:

1. Costs have increased within this activity as a result of inflationary and other contractual pressures.

2. The variance is a result of the availability and use of improved asset information and asset management systems, these systems have resulted in better informed renewals spend.

8

FUNDING IMPACT STATEMENT
2.5 **FOR STORMWATER**

	2014/15 AP $000	2015/16 LTP $000	Variance to LTP $000	Notes	2016/17 LTP $000	2017/18 LTP $000	2018/19 LTP $000	2019/20 LTP $000	2020/21 LTP $000	2021/22 LTP $000	2022/23 LTP $000	2023/24 LTP $000	2024/25 LTP $000
Sources of operating funding													
General rates, uniform annual general charges, rates penalties	-	-	-		-	-	-	-	-	-	-	-	-
Targeted rates (other than a targeted rate for water supply)	18,648	17,856	(792)		18,522	19,262	20,019	20,997	22,030	22,779	23,892	25,209	25,807
Subsidies and grants for operating purposes	120	130	10		152	161	152	168	133	166	161	173	183
Fees, charges, and targeted rates for water supply *	9	10	1		10	10	10	10	11	11	11	11	12
Internal charges and overheads recovered	-	-	-		-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-		-	-	-	-	-	-	-	-	-
Total operating funding (A)	**18,777**	**17,996**	**(781)**		**18,684**	**19,433**	**20,181**	**21,175**	**22,174**	**22,956**	**24,064**	**25,393**	**26,002**
Applications of operating funding													
Payments to staff and suppliers	7,432	7,401	(31)		7,581	7,546	7,676	7,930	8,138	8,563	8,660	8,957	9,274
Finance costs	2,875	2,968	93		3,461	3,797	4,384	5,082	5,292	5,606	6,561	6,840	7,049
Internal charges and overheads applied	1,473	1,575	102		1,600	1,634	1,666	1,720	1,760	1,797	1,828	1,857	1,900
Other operating funding applications	-	-	-		-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	**11,780**	**11,944**	**164**		**12,642**	**12,977**	**13,726**	**14,732**	**15,190**	**15,966**	**17,049**	**17,654**	**18,223**
Surplus (deficit) of operating funding (A - B)	**6,997**	**6,052**	**(945)**		**6,042**	**6,456**	**6,455**	**6,443**	**6,984**	**6,990**	**7,015**	**7,739**	**7,779**
Sources of capital funding													
Subsidies and grants for capital expenditure	-	-	-		-	-	-	-	-	-	-	-	-
Development and financial contributions	58	58	-		58	58	58	58	58	58	58	58	58
Increase (decrease) in debt	(2,801)	(2,232)	569		(2,762)	(2,634)	(3,870)	(2,300)	(1,902)	(145)	2,293	2,060	504
Gross proceeds from sales of assets	-	-	-		-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-		-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**(2,743)**	**(2,174)**	**569**		**(2,704)**	**(2,576)**	**(3,812)**	**(2,242)**	**(1,844)**	**(87)**	**2,351**	**2,118**	**562**
Applications of capital funding													
Capital expenditure													
- to meet additional demand	106	147	41		146	149	123	153	185	248	279	291	280
- to improve the level of service	451	909	458	**1**	910	931	825	1,391	2,313	4,782	5,033	5,219	5,317
- to replace existing assets	3,697	2,822	(875)	**2**	2,282	2,800	1,695	2,657	2,642	1,873	4,054	4,347	2,744
Increase (decrease) in reserves	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in investments	-	-	-		-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	**4,254**	**3,878**	**(376)**		**3,338**	**3,880**	**2,643**	**4,201**	**5,140**	**6,903**	**9,366**	**9,857**	**8,341**
Surplus (deficit) of capital funding (C - D)	**(6,997)**	**(6,052)**	**945**		**(6,042)**	**(6,456)**	**(6,455)**	**(6,443)**	**(6,984)**	**(6,990)**	**(7,015)**	**(7,739)**	**(7,779)**
Funding balance ((A - B) + (C - D))	-	-	-		-	-	-	-	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge	6,997	6,052	(9)		6,042	6,456	6,455	6,443	6,984	6,990	7,015	7,739	7,779

* Only the Water activity includes metered water rates

Notes:

1. Budgeting for network Hydraulic modelling spread over the ten years of the 2015-25 Long-term Plan, this work is being completed to better understand network performance during events.

2. The variance is a result of the availability and use of improved asset information and asset management systems, these systems have resulted in better informed renewals spend.

FUNDING IMPACT STATEMENT
2.6 FOR CONSERVATION ATTRACTIONS

	2014/15 AP $000	2015/16 LTP $000	Variance to LTP $000	Notes	2016/17 LTP $000	2017/18 LTP $000	2018/19 LTP $000	2019/20 LTP $000	2020/21 LTP $000	2021/22 LTP $000	2022/23 LTP $000	2023/24 LTP $000	2024/25 LTP $000
Sources of operating funding													
General rates, uniform annual general charges, rates penalties	6,126	6,631	505		7,862	7,916	7,960	8,079	8,136	8,210	8,229	8,246	8,274
Targeted rates (other than a targeted rate for water supply)	-	-	-		-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-		-	-	-	-	-	-	-	-	-
Fees, charges, and targeted rates for water supply *	-	-	-		-	-	-	-	-	-	-	-	-
Internal charges and overheads recovered	-	-	-		-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-		-	-	-	-	-	-	-	-	-
Total operating funding (A)	**6,126**	**6,631**	**505**		**7,862**	**7,916**	**7,960**	**8,079**	**8,136**	**8,210**	**8,229**	**8,246**	**8,274**
Applications of operating funding													
Payments to staff and suppliers	138	216	78		221	225	230	236	242	249	256	264	274
Finance costs	755	919	164		1,158	1,137	1,126	1,159	1,120	1,083	1,094	1,046	992
Internal charges and overheads applied	264	285	21		288	289	288	292	294	295	295	293	294
Other operating funding applications	3,632	9,689	6,057	1	3,759	3,832	3,914	4,001	4,091	4,195	4,302	4,423	4,549
Total applications of operating funding (B)	**4,789**	**11,109**	**6,320**		**5,426**	**5,483**	**5,558**	**5,688**	**5,747**	**5,822**	**5,947**	**6,026**	**6,109**
Surplus (deficit) of operating funding (A - B)	**1,337**	**(4,478)**	**(5,815)**		**2,436**	**2,433**	**2,402**	**2,391**	**2,389**	**2,388**	**2,282**	**2,220**	**2,165**
Sources of capital funding													
Subsidies and grants for capital expenditure	129	126	(3)		-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	(672)	5,668	6,340		(1,619)	(1,590)	(1,548)	(1,503)	(1,467)	(1,448)	(1,312)	(1,218)	(1,128)
Gross proceeds from sales of assets	-	-	-		-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-		-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**(543)**	**5,794**	**6,337**		**(1,619)**	**(1,590)**	**(1,548)**	**(1,503)**	**(1,467)**	**(1,448)**	**(1,312)**	**(1,218)**	**(1,128)**
Applications of capital funding													
Capital expenditure													
- to meet additional demand	-	-	-		-	-	-	-	-	-	-	-	-
- to improve the level of service	516	516	-		-	-	-	-	-	-	-	-	-
- to replace existing assets	278	800	522	2	817	843	854	888	922	940	970	1,002	1,037
Increase (decrease) in reserves	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in investments	-	-	-		-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	**794**	**1,316**	**522**		**817**	**843**	**854**	**888**	**922**	**940**	**970**	**1,002**	**1,037**
Surplus (deficit) of capital funding (C - D)	**(1,337)**	**4,478**	**5,815**		**(2,436)**	**(2,433)**	**(2,402)**	**(2,391)**	**(2,389)**	**(2,388)**	**(2,282)**	**(2,220)**	**(2,165)**
Funding balance ((A - B) + (C - D))	-	-	-		-	-	-	-	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge	1,337	1,522	206		1,553	1,550	1,519	1,508	1,506	1,505	1,399	1,337	1,282

* Only the Water activity includes metered water rates

Notes:

1. Funding grant for Ocean Exploration Centre of $6m which will be rates-funded over the period of the Long-term Plan.

2. Additional funds have been approved to complete the 'Meet the Locals' project as part of the ongoing Wellington Zoo renewals programme.

10

FUNDING IMPACT STATEMENT

3.1 **FOR CITY PROMOTIONS AND BUSINESS SUPPORT**

	2014/15 AP $000	2015/16 LTP $000	Variance to LTP $000	Notes	2016/17 LTP $000	2017/18 LTP $000	2018/19 LTP $000	2019/20 LTP $000	2020/21 LTP $000	2021/22 LTP $000	2022/23 LTP $000	2023/24 LTP $000	2024/25 LTP $000
Sources of operating funding													
General rates, uniform annual general charges, rates penalties	5,207	5,530	323		6,096	8,620	11,942	14,384	16,248	20,688	24,023	24,940	25,503
Targeted rates (other than a targeted rate for water supply)	15,012	15,632	620		15,762	17,289	17,944	17,927	17,311	17,864	18,185	18,436	19,501
Subsidies and grants for operating purposes	-	-	-		-	-	-	-	-	-	-	-	-
Fees, charges, and targeted rates for water supply *	14,035	14,365	330	1	14,638	14,925	15,241	15,557	17,320	18,333	18,765	19,212	19,690
Internal charges and overheads recovered	-	-	-		-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-		-	-	-	-	-	-	-	-	-
Total operating funding (A)	**34,254**	**35,527**	**1,273**		**36,496**	**40,834**	**45,127**	**47,868**	**50,879**	**56,885**	**60,973**	**62,588**	**64,694**
Applications of operating funding													
Payments to staff and suppliers	26,079	22,164	(3,915)	2	22,595	26,932	28,229	28,677	29,121	30,631	31,530	32,205	34,133
Finance costs	710	745	35		816	840	894	978	1,331	3,439	5,862	6,272	6,181
Internal charges and overheads applied	1,848	1,275	(573)		1,307	1,315	1,305	1,427	1,462	1,500	1,512	1,765	1,811
Other operating funding applications	7,553	12,548	4,995	2	17,548	12,548	12,548	14,715	16,882	19,048	19,048	19,048	19,048
Total applications of operating funding (B)	**36,190**	**36,732**	**542**		**42,266**	**41,635**	**42,976**	**45,797**	**48,796**	**54,618**	**57,952**	**59,290**	**61,173**
Surplus (deficit) of operating funding (A - B)	**(1,936)**	**(1,205)**	**731**		**(5,770)**	**(801)**	**2,151**	**2,071**	**2,083**	**2,267**	**3,021**	**3,298**	**3,521**
Sources of capital funding													
Subsidies and grants for capital expenditure	-	-	-		-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	3,277	3,169	(108)		7,869	2,171	(1,628)	(813)	8,609	47,395	7,706	(2,600)	(1,509)
Gross proceeds from sales of assets	-	-	-		-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-		-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**3,277**	**3,169**	**(108)**		**7,869**	**2,171**	**(1,628)**	**(813)**	**8,609**	**47,395**	**7,706**	**(2,600)**	**(1,509)**
Applications of capital funding													
Capital expenditure													
- to meet additional demand	-	-	-		-	-	-	-	-	-	-	-	-
- to improve the level of service	-	-	-		-	-	-	-	8,330	47,702	8,877	-	-
- to replace existing assets	1,341	1,964	623	3	2,099	1,370	523	1,258	2,362	1,960	1,850	698	2,012
Increase (decrease) in reserves	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in investments	-	-	-		-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	**1,341**	**1,964**	**623**		**2,099**	**1,370**	**523**	**1,258**	**10,692**	**49,662**	**10,727**	**698**	**2,012**
Surplus (deficit) of capital funding (C - D)	**1,936**	**1,205**	**(731)**		**5,770**	**801**	**(2,151)**	**(2,071)**	**(2,083)**	**(2,267)**	**(3,021)**	**(3,298)**	**(3,521)**
Funding balance ((A - B) + (C - D))	-	-	-		-	-	-	-	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge	1,618	1,795	(746)		1,805	1,774	1,726	1,646	1,658	1,842	2,596	2,873	3,096

* Only the Water activity includes metered water rates

Notes:

1. An increase in Wellington Venues revenue up from 2014/15

2. Wellington Regional Economic Development Agency reclassified into 'Other operating funding applications' line $3m. Additional funding added to events funding for projects such as the Festival of the Arts and Christmas celebrations.

3. Variance due to funding for upgrade of the St James Theatre air conditioning system in Year 1 of the Long-term Plan.

11

FUNDING IMPACT STATEMENT
4.1 **FOR ARTS AND CULTURE ACTIVITIES**

	2014/15 AP $000	2015/16 LTP $000	Variance to LTP $000	Notes	2016/17 LTP $000	2017/18 LTP $000	2018/19 LTP $000	2019/20 LTP $000	2020/21 LTP $000	2021/22 LTP $000	2022/23 LTP $000	2023/24 LTP $000	2024/25 LTP $000
Sources of operating funding													
General rates, uniform annual general charges, rates penalties	11,947	12,641	694		13,188	13,412	13,584	13,567	13,829	14,120	14,405	14,681	15,038
Targeted rates (other than a targeted rate for water supply)	5,243	5,362	119		5,525	5,597	5,718	5,671	5,722	5,817	5,908	6,000	6,108
Subsidies and grants for operating purposes	430	410	(20)		417	426	435	444	453	464	475	487	499
Fees, charges, and targeted rates for water supply *	583	577	(6)		588	600	613	625	639	654	670	686	703
Internal charges and overheads recovered	72	-	(72)		-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-		-	-	-	-	-	-	-	-	-
Total operating funding (A)	**18,275**	**18,990**	**715**		**19,718**	**20,035**	**20,350**	**20,307**	**20,643**	**21,055**	**21,458**	**21,854**	**22,348**
Applications of operating funding													
Payments to staff and suppliers	3,510	3,972	462	1	4,062	4,163	4,222	3,780	3,881	4,000	4,120	4,256	4,398
Finance costs	211	475	264	2	798	788	779	808	795	783	799	786	770
Internal charges and overheads applied	1,049	1,007	(42)		1,061	1,076	1,082	1,179	1,221	1,254	1,262	1,244	1,282
Other operating funding applications	12,680	12,866	186		13,105	13,292	13,398	13,618	13,845	14,105	14,371	14,671	14,985
Total applications of operating funding (B)	**17,450**	**18,320**	**870**		**19,026**	**19,319**	**19,481**	**19,385**	**19,742**	**20,142**	**20,552**	**20,957**	**21,435**
Surplus (deficit) of operating funding (A - B)	**825**	**670**	**(155)**		**692**	**716**	**869**	**922**	**901**	**913**	**906**	**897**	**913**
Sources of capital funding													
Subsidies and grants for capital expenditure	-	450	450		306	727	1,220	1,191	-	-	-	-	-
Development and financial contributions	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	(798)	10,237	11,035		(254)	4,373	168	27	(871)	(882)	(874)	(863)	(878)
Gross proceeds from sales of assets	-	-	-		-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-		-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**(798)**	**10,687**	**11,485**		**52**	**5,100**	**1,388**	**1,218**	**(871)**	**(882)**	**(874)**	**(863)**	**(878)**
Applications of capital funding													
Capital expenditure													
- to meet additional demand	-	-	-		-	-	-	-	-	-	-	-	-
- to improve the level of service	26	11,255	11,229	3	742	5,805	2,234	2,135	24	24	24	25	26
- to replace existing assets	1	102	101		2	11	23	5	6	7	8	9	9
Increase (decrease) in reserves	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in investments	-	-	-		-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	**27**	**11,357**	**11,330**		**744**	**5,816**	**2,257**	**2,140**	**30**	**31**	**32**	**34**	**35**
Surplus (deficit) of capital funding (C - D)	**(825)**	**(670)**	**155**		**(692)**	**(716)**	**(869)**	**(922)**	**(901)**	**(913)**	**(906)**	**(897)**	**(913)**
Funding balance ((A - B) + (C - D))	-	-	-		-	-	-	-	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge	825	670	20		692	716	869	922	901	913	906	897	913

* Only the Water activity includes metered water rates

Notes:

1. Grant for $500k per year for 4 years to fund an exhibition to commemorate the 100th anniversary of each year of World War I at the proposed Museum of Conflict.

2. Finance costs for the purchase of land for the proposed Museum of Conflict.

3. Funding for the purchase of land for the proposed Museum of Conflict $10m, plus funding for the upgrade of the Museum of City and Sea.

12

FUNDING IMPACT STATEMENT
5.1 **FOR RECREATION PROMOTION AND SUPPORT**

	2014/15 AP $000	2015/16 LTP $000	Variance to LTP $000	Notes	2016/17 LTP $000	2017/18 LTP $000	2018/19 LTP $000	2019/20 LTP $000	2020/21 LTP $000	2021/22 LTP $000	2022/23 LTP $000	2023/24 LTP $000	2024/25 LTP $000
Sources of operating funding													
General rates, uniform annual general charges, rates penalties	24,001	24,998	997		25,601	25,800	25,985	26,341	27,061	27,755	27,816	27,934	28,593
Targeted rates (other than a targeted rate for water supply)	1,039	1,089	50		1,218	1,338	1,491	1,871	1,914	2,033	2,077	2,108	2,249
Subsidies and grants for operating purposes	398	200	(198)		204	208	212	217	221	227	232	238	244
Fees, charges, and targeted rates for water supply *	11,483	11,547	64		11,847	12,002	12,352	12,669	12,579	13,024	13,400	13,831	14,248
Internal charges and overheads recovered	1,051	1,116	65		1,136	1,160	1,183	1,209	1,236	1,265	1,296	1,329	1,365
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-		-	-	-	-	-	-	-	-	-
Total operating funding (A)	**37,972**	**38,950**	**978**		**40,006**	**40,508**	**41,223**	**42,307**	**43,011**	**44,304**	**44,821**	**45,440**	**46,699**
Applications of operating funding													
Payments to staff and suppliers	16,950	17,961	1,011	1	18,467	19,066	19,510	19,912	20,632	21,502	21,841	22,461	23,036
Finance costs	3,725	3,628	(97)		3,830	3,791	3,742	3,854	3,718	3,606	3,683	3,578	3,457
Internal charges and overheads applied	9,411	9,109	(302)		9,301	9,651	9,875	10,177	10,365	10,496	10,755	10,853	11,048
Other operating funding applications	650	663	13		678	694	712	731	751	774	797	824	851
Total applications of operating funding (B)	**30,736**	**31,361**	**625**		**32,276**	**33,202**	**33,839**	**34,674**	**35,466**	**36,378**	**37,076**	**37,716**	**38,392**
Surplus (deficit) of operating funding (A - B)	**7,236**	**7,589**	**353**		**7,730**	**7,306**	**7,384**	**7,633**	**7,545**	**7,926**	**7,745**	**7,724**	**8,307**
Sources of capital funding													
Subsidies and grants for capital expenditure	-	-	-		-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	(4,215)	386	4,601		(316)	(1,617)	6,367	(3,962)	(2,412)	(1,937)	(3,585)	(4,251)	(4,350)
Gross proceeds from sales of assets	-	-	-		-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-		-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**(4,215)**	**386**	**4,601**		**(316)**	**(1,617)**	**6,367**	**(3,962)**	**(2,412)**	**(1,937)**	**(3,585)**	**(4,251)**	**(4,350)**
Applications of capital funding													
Capital expenditure													
- to meet additional demand	123	-	(123)		-	-	-	-	-	-	-	-	-
- to improve the level of service	334	1,126	792	2	1,651	1,335	5,627	91	93	96	99	103	107
- to replace existing assets	2,564	6,849	4,285	3	5,763	4,354	8,124	3,580	5,040	5,893	4,061	3,370	3,850
Increase (decrease) in reserves	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in investments	-	-	-		-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	**3,021**	**7,975**	**4,954**		**7,414**	**5,689**	**13,751**	**3,671**	**5,133**	**5,989**	**4,160**	**3,473**	**3,957**
Surplus (deficit) of capital funding (C - D)	**(7,236)**	**(7,589)**	**(353)**		**(7,730)**	**(7,306)**	**(7,384)**	**(7,633)**	**(7,545)**	**(7,926)**	**(7,745)**	**(7,724)**	**(8,307)**
Funding balance ((A - B) + (C - D))	-	-	-		-	-	-	-	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge	7,324	7,589	(31)		7,730	7,306	7,384	7,633	7,545	7,926	7,745	7,724	8,307

* Only the Water activity includes metered water rates

Notes:

1. Variance due to inflationary uplift on 2014/15 Annual Plan, plus operational funding for Keith Spry Pool reopening on completion of refurbishment.

2. Wellington Regional Aquatic Centre upgrades approved for Year 1 of the 2015-25 Long-term Plan $627k, plus planning for a third synthetic pitch at the National Hockey Stadium $210k (construction to begin in Year 2 of the 2015-25 Long-term Plan).

3. Funding for the refurbishment at the Basin Reserve of the RA Vance Stand $2m, plus associated Western Precinct development $1.1m, both scheduled for Year 1 of the 2015-25 Long-term Plan. Also included is planned renewal maintenance of $450k to the pier at the Evans Bay Marina, and $350k of additional planned maintenance over 2014/15 Annual Plan budget.

FUNDING IMPACT STATEMENT
5.2 **FOR COMMUNITY SUPPORT**

	2014/15 AP $000	2015/16 LTP $000	Variance to LTP $000	Notes	2016/17 LTP $000	2017/18 LTP $000	2018/19 LTP $000	2019/20 LTP $000	2020/21 LTP $000	2021/22 LTP $000	2022/23 LTP $000	2023/24 LTP $000	2024/25 LTP $000
Sources of operating funding													
General rates, uniform annual general charges, rates penalties	21,755	22,226	471		24,134	25,895	27,851	28,175	29,237	30,155	31,455	31,708	30,332
Targeted rates (other than a targeted rate for water supply)	4,179	4,172	(7)		4,537	4,614	4,718	5,064	5,293	5,332	5,474	5,615	5,803
Subsidies and grants for operating purposes	1,296	969	(327)		934	937	-	-	-	-	-	-	-
Fees, charges, and targeted rates for water supply *	22,057	22,869	812	1	23,557	25,428	25,932	26,882	26,976	25,413	26,013	26,641	27,302
Internal charges and overheads recovered	1,287	1,171	(116)		820	600	496	496	579	1,149	1,166	1,181	1,207
Local authorities fuel tax, fines, infringement fees, and other receipts	659	586	(73)		551	526	503	483	465	450	436	425	435
Total operating funding (A)	**51,233**	**51,993**	**760**		**54,533**	**58,000**	**59,500**	**61,100**	**62,550**	**62,499**	**64,544**	**65,570**	**65,079**
Applications of operating funding													
Payments to staff and suppliers	26,166	26,545	379	2	26,379	26,999	27,436	28,204	29,048	30,442	31,296	32,600	33,530
Finance costs	(725)	(1,620)	(895)	3	(1,526)	(1,106)	(1,182)	(1,457)	(1,822)	(2,081)	(2,225)	(1,638)	(148)
Internal charges and overheads applied	10,410	11,332	922		12,016	12,430	12,718	13,500	14,051	14,425	14,452	13,529	13,843
Other operating funding applications	3,160	3,713	553	4	4,131	4,196	4,151	4,210	4,263	4,304	4,363	4,425	4,488
Total applications of operating funding (B)	**39,011**	**39,970**	**959**		**41,000**	**42,519**	**43,123**	**44,457**	**45,540**	**47,090**	**47,886**	**48,916**	**51,713**
Surplus (deficit) of operating funding (A - B)	**12,222**	**12,023**	**(199)**		**13,533**	**15,481**	**16,377**	**16,643**	**17,010**	**15,409**	**16,658**	**16,654**	**13,366**
Sources of capital funding													
Subsidies and grants for capital expenditure	32,036	20,668	(11,368)		17,777	200	-	-	-	-	-	-	-
Development and financial contributions	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	(5,059)	(7,323)	(2,264)		19,063	5,322	(2,185)	(7,677)	(8,737)	(3,986)	(6,760)	14,436	22,566
Gross proceeds from sales of assets	-	-	-		-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-		-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**26,977**	**13,345**	**(13,632)**		**36,840**	**5,522**	**(2,185)**	**(7,677)**	**(8,737)**	**(3,986)**	**(6,760)**	**14,436**	**22,566**
Applications of capital funding													
Capital expenditure													
- to meet additional demand	-	-	-		822	1,270	-	-	-	-	-	-	-
- to improve the level of service	32,284	22,439	(9,845)	5	25,050	9,802	4,738	1,996	1,340	2,615	4,189	25,204	29,793
- to replace existing assets	6,915	8,761	1,846	6	6,724	9,731	9,454	6,970	6,933	8,808	5,709	5,886	6,139
Increase (decrease) in reserves	-	(5,832)	(5,832)		17,777	200	-	-	-	-	-	-	-
Increase (decrease) in investments	-	-	-		-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	**39,199**	**25,368**	**(13,831)**		**50,373**	**21,003**	**14,192**	**8,966**	**8,273**	**11,423**	**9,898**	**31,090**	**35,932**
Surplus (deficit) of capital funding (C - D)	**(12,222)**	**(12,023)**	**199**		**(13,533)**	**(15,481)**	**(16,377)**	**(16,643)**	**(17,010)**	**(15,409)**	**(16,658)**	**(16,654)**	**(13,366)**
Funding balance ((A - B) + (C - D))	-	-	-		-	-	-	-	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge	15,730	15,318	2,556		16,409	17,594	19,218	18,490	18,787	19,829	20,307	21,340	21,106

* Only the Water activity includes metered water rates

Notes:

1. Increase in budgeted revenue due to change in City Housing income assumption after revision of rental income model.

2. Cost increases due to inflationary pressures.

3. Reduction of interest cost in Year 1 of the 2015-25 Long-term Plan on City Housing projects as a result of capital expenditure re-phasing.

4. Social and Recreation grants have increased over 2014/15 Annual Plan - additional funding for planning for the Alex Moore Park "Sportsville" concept $245k plus additional funding for other community projects; homelessness $60k, community centres $100k.

5. Funding for City Housing projects has been re-phased as the housing upgrade programme progresses.

6. Library computer system renewal project scheduled for Year 1 2015-25 Long-term Plan $2.6m, offset by City Housing renewal savings of $700k.

14

Absolutely Positively **Wellington** City Council
Me Heke Ki Pōneke

FUNDING IMPACT STATEMENT
5.3 **FOR PUBLIC HEALTH AND SAFETY**

	2014/15 AP $000	2015/16 LTP $000	Variance to LTP $000	Notes	2016/17 LTP $000	2017/18 LTP $000	2018/19 LTP $000	2019/20 LTP $000	2020/21 LTP $000	2021/22 LTP $000	2022/23 LTP $000	2023/24 LTP $000	2024/25 LTP $000
Sources of operating funding													
General rates, uniform annual general charges, rates penalties	8,266	9,538	1,272		9,695	10,210	10,454	11,095	11,371	11,606	12,103	12,322	12,872
Targeted rates (other than a targeted rate for water supply)	-	-	-		-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	25	25	-		25	26	27	27	28	28	29	30	30
Fees, charges, and targeted rates for water supply *	3,962	3,993	31		4,109	4,189	4,236	4,324	4,404	4,507	4,615	4,726	4,845
Internal charges and overheads recovered	676	664	(12)		676	690	704	719	735	753	771	791	812
Local authorities fuel tax, fines, infringement fees, and other receipts	52	39	(13)		39	40	41	42	43	44	45	46	47
Total operating funding (A)	**12,981**	**14,259**	**1,278**		**14,544**	**15,155**	**15,462**	**16,207**	**16,581**	**16,938**	**17,563**	**17,915**	**18,606**
Applications of operating funding													
Payments to staff and suppliers	8,284	9,056	772	**1**	9,097	9,576	9,678	10,080	10,291	10,467	10,818	11,149	11,587
Finance costs	76	93	17		106	114	129	147	149	155	179	183	185
Internal charges and overheads applied	3,980	4,338	358		4,490	4,563	4,627	4,899	5,026	5,106	5,240	5,251	5,388
Other operating funding applications	129	129	-		130	131	131	132	133	134	135	137	138
Total applications of operating funding (B)	**12,469**	**13,616**	**1,147**		**13,823**	**14,384**	**14,565**	**15,258**	**15,599**	**15,862**	**16,372**	**16,720**	**17,298**
Surplus (deficit) of operating funding (A - B)	**512**	**643**	**131**		**721**	**771**	**897**	**949**	**982**	**1,076**	**1,191**	**1,195**	**1,308**
Sources of capital funding													
Subsidies and grants for capital expenditure	-	-	-		-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	798	1,196	398		621	1,350	501	707	926	2,209	(18)	109	204
Gross proceeds from sales of assets	-	-	-		-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-		-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**798**	**1,196**	**398**		**621**	**1,350**	**501**	**707**	**926**	**2,209**	**(18)**	**109**	**204**
Applications of capital funding													
Capital expenditure													
- to meet additional demand	-	-	-		-	-	-	-	-	-	-	-	-
- to improve the level of service	206	110	(96)		151	253	47	175	158	893	262	271	281
- to replace existing assets	1,104	1,729	625	**2**	1,191	1,868	1,351	1,481	1,750	2,392	911	1,033	1,231
Increase (decrease) in reserves	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in investments	-	-	-		-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	**1,310**	**1,839**	**529**		**1,342**	**2,121**	**1,398**	**1,656**	**1,908**	**3,285**	**1,173**	**1,304**	**1,512**
Surplus (deficit) of capital funding (C - D)	**(512)**	**(643)**	**(131)**		**(721)**	**(771)**	**(897)**	**(949)**	**(982)**	**(1,076)**	**(1,191)**	**(1,195)**	**(1,308)**
Funding balance ((A - B) + (C - D))	-	-	-		-	-	-	-	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge	527	643	(153)		721	771	897	949	982	1,076	1,191	1,195	1,308

* Only the Water activity includes metered water rates

Notes:

1. Additional funding over 2014/15 Annual Plan required to counter inflationary pressures on staff costs, plus additional funding for Safe City programme.

2. Planned renewals funding for a new cremator to replace the existing plant at Karori Cemetery.

15

FUNDING IMPACT STATEMENT

6.1 **FOR URBAN PLANNING, HERITAGE AND PUBLIC SPACES DEVELOPMENT**

	2014/15 AP $000	2015/16 LTP $000	Variance to LTP $000	Notes	2016/17 LTP $000	2017/18 LTP $000	2018/19 LTP $000	2019/20 LTP $000	2020/21 LTP $000	2021/22 LTP $000	2022/23 LTP $000	2023/24 LTP $000	2024/25 LTP $000
Sources of operating funding													
General rates, uniform annual general charges, rates penalties	7,098	6,593	(505)		6,840	6,972	6,456	6,384	6,486	6,627	6,747	6,851	7,023
Targeted rates (other than a targeted rate for water supply)	-	-	-		-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-		-	-	-	-	-	-	-	-	-
Fees, charges, and targeted rates for water supply *	3,922	20	(3,902)	1	20	21	21	22	22	23	23	24	24
Internal charges and overheads recovered	310	-	(310)		-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-		-	-	-	-	-	-	-	-	-
Total operating funding (A)	**11,330**	**6,613**	**(4,717)**		**6,860**	**6,993**	**6,477**	**6,406**	**6,508**	**6,650**	**6,770**	**6,875**	**7,047**
Applications of operating funding													
Payments to staff and suppliers	7,775	2,332	(5,443)	2	2,382	2,439	2,501	2,288	2,291	2,355	2,425	2,502	2,582
Finance costs	573	15	(558)	2	18	19	23	26	28	30	35	37	39
Internal charges and overheads applied	3,040	3,205	165		3,399	3,474	3,492	3,632	3,729	3,808	3,860	3,886	3,976
Other operating funding applications	490	1,050	560	3	1,050	1,050	450	450	450	450	450	450	450
Total applications of operating funding (B)	**11,878**	**6,602**	**(5,276)**		**6,849**	**6,982**	**6,466**	**6,396**	**6,498**	**6,643**	**6,770**	**6,875**	**7,047**
Surplus (deficit) of operating funding (A - B)	**(548)**	**11**	**559**		**11**	**11**	**11**	**10**	**10**	**7**	**-**	**-**	**-**
Sources of capital funding													
Subsidies and grants for capital expenditure	-	-	-		-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	3,194	8,412	5,218		5,412	1,850	16,272	13,209	14,984	33,872	24,355	13,774	1,427
Gross proceeds from sales of assets	2,050	650	(1,400)		2,600	3,250	-	-	-	-	-	-	-
Lump sum contributions	-	-	-		-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**5,244**	**9,062**	**3,818**		**8,012**	**5,100**	**16,272**	**13,209**	**14,984**	**33,872**	**24,355**	**13,774**	**1,427**
Applications of capital funding													
Capital expenditure													
- to meet additional demand	-	-	-		-	-	-	-	-	-	-	-	-
- to improve the level of service	1,429	6,507	5,078	4	7,044	3,424	15,932	12,360	11,674	33,673	23,821	13,491	1,128
- to replace existing assets	3,267	2,566	(701)	4	979	1,687	351	859	3,320	206	534	283	299
Increase (decrease) in reserves	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in investments	-	-	-		-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	**4,696**	**9,073**	**4,377**		**8,023**	**5,111**	**16,283**	**13,219**	**14,994**	**33,879**	**24,355**	**13,774**	**1,427**
Surplus (deficit) of capital funding (C - D)	**548**	**(11)**	**(559)**		**(11)**	**(11)**	**(11)**	**(10)**	**(10)**	**(7)**	**-**	**-**	**-**
Funding balance ((A - B) + (C - D))	**-**	**-**	**-**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Expenses for this activity grouping include the following depreciation/amortisation charge	4,305	11	4,304		11	11	11	10	10	7	-	-	-

* Only the Water activity includes metered water rates

Notes:

1. Income reduced after Waterfront parking services project moved to Activity 7.2 - Parking Services $1.25m, while Waterfront commercial property services has moved to sit alongside existing Council property management projects in corporate overhead projects.

2. Waterfront Property Services costs have been moved into corporate overhead with other Council property management services.

3. Additional grant funding for Built Heritage Incentive Fund has been added to the duration of the 2015-25 Long-term Plan of $560k per year.

4. Funding for developing Frank Kitts Park and the Chinese Garden have been moved in this activity from corporate costs.

16

FUNDING IMPACT STATEMENT
6.2 FOR BUILDING AND DEVELOPMENT CONTROL

	2014/15 AP $000	2015/16 LTP $000	Variance to LTP $000	Notes	2016/17 LTP $000	2017/18 LTP $000	2018/19 LTP $000	2019/20 LTP $000	2020/21 LTP $000	2021/22 LTP $000	2022/23 LTP $000	2023/24 LTP $000	2024/25 LTP $000
Sources of operating funding													
General rates, uniform annual general charges, rates penalties	7,319	9,317	1,998		9,630	9,985	10,027	10,813	11,042	11,340	11,427	11,315	11,692
Targeted rates (other than a targeted rate for water supply)	-	-	-		-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-		-	-	-	-	-	-	-	-	-
Fees, charges, and targeted rates for water supply *	12,655	12,027	(628)	1	12,159	11,908	12,160	12,412	12,687	12,985	13,294	13,615	13,959
Internal charges and overheads recovered	224	224	-		228	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	24	24	-		24	25	25	26	27	27	28	29	29
Total operating funding (A)	**20,222**	**21,592**	**1,370**		**22,041**	**21,918**	**22,212**	**23,251**	**23,756**	**24,352**	**24,749**	**24,959**	**25,680**
Applications of operating funding													
Payments to staff and suppliers	12,991	12,655	(336)	2	12,700	12,537	12,808	13,101	13,292	13,624	13,979	14,362	14,772
Finance costs	-	3	3		3	2	1	-	-	-	-	-	-
Internal charges and overheads applied	6,971	8,629	1,658		9,031	9,072	9,111	9,968	10,318	10,586	10,627	10,452	10,762
Other operating funding applications	135	135	-		136	137	138	139	141	142	143	145	146
Total applications of operating funding (B)	**20,097**	**21,422**	**1,325**		**21,870**	**21,748**	**22,058**	**23,208**	**23,751**	**24,352**	**24,749**	**24,959**	**25,680**
Surplus (deficit) of operating funding (A - B)	**125**	**170**	**45**		**171**	**170**	**154**	**43**	**5**	**-**	**-**	**-**	**-**
Sources of capital funding													
Subsidies and grants for capital expenditure	-	-	-		-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	17,526	2,770	(14,756)		3,461	25,938	24,929	5,625	273	304	294	284	254
Gross proceeds from sales of assets	-	-	-		-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-		-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**17,526**	**2,770**	**(14,756)**		**3,461**	**25,938**	**24,929**	**5,625**	**273**	**304**	**294**	**284**	**254**
Applications of capital funding													
Capital expenditure													
- to meet additional demand	-	-	-		-	-	-	-	-	-	-	-	-
- to improve the level of service	17,651	2,940	(14,711)	3	3,632	26,108	25,083	5,668	278	304	294	284	254
- to replace existing assets	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in reserves	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in investments	-	-	-		-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	**17,651**	**2,940**	**(14,711)**		**3,632**	**26,108**	**25,083**	**5,668**	**278**	**304**	**294**	**284**	**254**
Surplus (deficit) of capital funding (C - D)	**(125)**	**(170)**	**(45)**		**(171)**	**(170)**	**(154)**	**(43)**	**(5)**	**-**	**-**	**-**	**-**
Funding balance ((A - B) + (C - D))	**-**	**-**	**-**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Expenses for this activity grouping include the following depreciation/amortisation charge	125	170	101		171	170	154	43	5	-	-	-	-

* Only the Water activity includes metered water rates

Notes:

1. Building Compliance and Consents income from providing consent and compliance services to Christchurch City Council reforecasted down from previously projected levels.

2. To offset reduction in Christchurch consenting income personnel costs have been reduced.

3. After a Council review earthquake strengthening projects have been merged into a wider programme of renewal and upgrade of the Civic Precinct. Town Hall project has been forecast to be completed in 2019/20

17

FUNDING IMPACT STATEMENT
7.1 **FOR TRANSPORT**

	2014/15 AP $000	2015/16 LTP $000	Variance to LTP $000	Notes	2016/17 LTP $000	2017/18 LTP $000	2018/19 LTP $000	2019/20 LTP $000	2020/21 LTP $000	2021/22 LTP $000	2022/23 LTP $000	2023/24 LTP $000	2024/25 LTP $000
Sources of operating funding													
General rates, uniform annual general charges, rates penalties	29,503	30,497	994		31,735	34,381	36,205	38,656	42,814	44,639	47,681	53,184	55,248
Targeted rates (other than a targeted rate for water supply)	33	-	(33)		-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	4,774	4,470	(304)	1	5,231	5,537	5,313	5,803	4,845	5,827	5,705	6,080	6,390
Fees, charges, and targeted rates for water supply *	2,100	2,042	(58)		2,080	2,121	2,166	2,211	2,260	2,313	2,368	2,425	2,487
Internal charges and overheads recovered	-	-	-		-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-		-	-	-	-	-	-	-	-	-
Total operating funding (A)	**36,410**	**37,009**	**599**		**39,046**	**42,039**	**43,684**	**46,670**	**49,919**	**52,779**	**55,754**	**61,689**	**64,125**
Applications of operating funding													
Payments to staff and suppliers	12,530	11,619	(911)	2	11,564	11,852	12,239	12,601	13,087	13,527	14,013	14,555	15,123
Finance costs	4,774	5,277	503		6,093	6,639	7,536	8,657	8,944	9,393	10,799	11,145	11,277
Internal charges and overheads applied	5,785	6,054	269		6,271	6,361	6,453	6,745	6,908	7,069	7,174	7,260	7,442
Other operating funding applications	10	265	255		2,510	10	10	10	10	10	10	10	10
Total applications of operating funding (B)	**23,099**	**23,215**	**116**		**26,438**	**24,862**	**26,238**	**28,013**	**28,949**	**29,999**	**31,996**	**32,970**	**33,852**
Surplus (deficit) of operating funding (A - B)	**13,311**	**13,794**	**483**		**12,608**	**17,177**	**17,446**	**18,657**	**20,970**	**22,780**	**23,758**	**28,719**	**30,273**
Sources of capital funding													
Subsidies and grants for capital expenditure	10,590	13,356	2,766		12,656	13,282	14,384	14,384	16,227	15,573	16,185	16,152	16,886
Development and financial contributions	539	539	-		539	539	539	539	539	539	539	539	539
Increase (decrease) in debt	13,272	8,322	(4,950)		6,213	8,137	6,091	10,159	15,260	7,948	15,645	8,367	7,458
Gross proceeds from sales of assets	-	-	-		-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-		-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**24,401**	**22,217**	**(2,184)**		**19,408**	**21,958**	**21,014**	**25,082**	**32,026**	**24,060**	**32,369**	**25,058**	**24,883**
Applications of capital funding													
Capital expenditure													
- to meet additional demand	1,765	1,580	(185)		-	5,260	1,864	5,129	3,339	4,396	5,934	7,782	1,594
- to improve the level of service	10,968	9,494	(1,474)	3	11,959	11,590	14,094	15,643	16,146	17,072	17,455	17,778	22,555
- to replace existing assets	24,979	24,937	(42)		20,057	22,285	22,502	22,967	33,511	25,372	32,738	28,217	31,007
Increase (decrease) in reserves	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in investments	-	-	-		-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	**37,712**	**36,011**	**(1,701)**		**32,016**	**39,135**	**38,460**	**43,739**	**52,996**	**46,840**	**56,127**	**53,777**	**55,156**
Surplus (deficit) of capital funding (C - D)	**(13,311)**	**(13,794)**	**(483)**		**(12,608)**	**(17,177)**	**(17,446)**	**(18,657)**	**(20,970)**	**(22,780)**	**(23,758)**	**(28,719)**	**(30,273)**
Funding balance ((A - B) + (C - D))	-	-	-		-	-	-	-	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge	22,285	22,667	(654)		23,031	25,231	25,788	26,562	29,920	30,939	32,264	36,952	38,340

* Only the Water activity includes metered water rates

Notes:

1. Reduced renewal programme for Year 1 of 2015-25 Long-term Plan has resulted in a lower level of funding able to be collected from the NZTA.

2. Variance due to savings found in insurance and street lighting areas.

3. Funding for renewals of tunnel and bridges has been reduced as part of the 2015-25 Long-term Plan Year 1 work programme, along with roading corridor renewals.

4. The variance is a result of the availability and use of improved asset information and asset management systems, these systems have resulted in better informed renewals spend.

FUNDING IMPACT STATEMENT
7.2 FOR PARKING

	2014/15 AP $000	2015/16 LTP $000	Variance to LTP $000	Notes	2016/17 LTP $000	2017/18 LTP $000	2018/19 LTP $000	2019/20 LTP $000	2020/21 LTP $000	2021/22 LTP $000	2022/23 LTP $000	2023/24 LTP $000	2024/25 LTP $000
Sources of operating funding													
General rates, uniform annual general charges, rates penalties	(14,086)	(14,081)	5		(15,050)	(15,400)	(15,652)	(15,623)	(15,623)	(15,674)	(15,664)	(15,624)	(15,591)
Targeted rates (other than a targeted rate for water supply)	-	-	-		-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-		-	-	-	-	-	-	-	-	-
Fees, charges, and targeted rates for water supply *	18,316	19,899	1,583	1	20,561	21,023	21,544	21,914	22,400	22,926	23,472	24,039	24,646
Internal charges and overheads recovered	-	-	-		-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	7,706	7,556	(150)		7,853	8,038	8,208	8,379	8,564	8,765	8,974	9,191	9,423
Total operating funding (A)	**11,936**	**13,374**	**1,438**		**13,364**	**13,661**	**14,100**	**14,670**	**15,341**	**16,017**	**16,782**	**17,606**	**18,478**
Applications of operating funding													
Payments to staff and suppliers	9,850	10,348	498	2	10,590	10,778	11,069	11,347	11,652	11,999	12,360	12,782	13,205
Finance costs	17	479	462	2	582	770	865	953	1,222	1,505	1,798	2,090	2,383
Internal charges and overheads applied	1,593	1,955	362		2,007	2,053	2,090	2,214	2,283	2,329	2,338	2,314	2,362
Other operating funding applications	1	1	-		1	1	1	1	1	1	1	1	1
Total applications of operating funding (B)	**11,461**	**12,783**	**1,322**		**13,180**	**13,602**	**14,025**	**14,515**	**15,158**	**15,834**	**16,497**	**17,187**	**17,951**
Surplus (deficit) of operating funding (A - B)	**475**	**591**	**116**		**184**	**59**	**75**	**155**	**183**	**183**	**285**	**419**	**527**
Sources of capital funding													
Subsidies and grants for capital expenditure	-	-	-		-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	(295)	858	1,153		312	239	904	23	(71)	1,084	1,022	935	875
Gross proceeds from sales of assets	-	-	-		-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-		-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**(295)**	**858**	**1,153**		**312**	**239**	**904**	**23**	**(71)**	**1,084**	**1,022**	**935**	**875**
Applications of capital funding													
Capital expenditure													
- to meet additional demand	-	-	-		-	-	-	-	-	-	-	-	-
- to improve the level of service	30	1,449	1,419	3	496	114	117	120	112	128	132	137	142
- to replace existing assets	150	-	(150)		-	184	862	58	-	1,139	1,175	1,217	1,260
Increase (decrease) in reserves	-	-	-		-	-	-	-	-	-	-	-	-
Increase (decrease) in investments	-	-	-		-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	**180**	**1,449**	**1,269**		**496**	**298**	**979**	**178**	**112**	**1,267**	**1,307**	**1,354**	**1,402**
Surplus (deficit) of capital funding (C - D)	**(475)**	**(591)**	**(116)**		**(184)**	**(59)**	**(75)**	**(155)**	**(183)**	**(183)**	**(285)**	**(419)**	**(527)**
Funding balance ((A - B) + (C - D))	-	-	-		-	-	-	-	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/amortisation charge	475	591	40		184	59	75	155	183	183	285	419	527

* Only the Water activity includes metered water rates

Notes:

1. To improve service delivery, the city's parking warden function was brought in-house during the 2014/15 Annual Plan. The business unit is working to improve the performance and efficency of this service.

2. Funding for Waterfront parking services moved from Activity 6.1 coupled with additonal operational funding required to implement and operate the parking sensor service.

3. After a trial period, funding has been approved to install parking sensors across the city. In conjunction with a smartphone application, customers can be kept updated of their parking status in real time. This should aid central city parking congestion and aid carpark turnover.

19

DRAFT 2015-25 LTP FUNDING IMPACT STATEMENT — PROPOSED RATING MECHANISMS

RATES

Rates are a property tax to fund local government activities. Rates are assessed under the Local Government (Rating) Act 2002 (the Act) on rating units in the Rating Information Database. Where rates requirements are allocated based on property value, the capital value of the property as assessed by the Council's valuation services provider will apply. The latest city-wide revaluation was carried out as at 1 September 2012. This revaluation remains effective for the 2015/16 rating year, except where subsequent maintenance valuations have been required under valuation rules or the Council's rating policies.

City-wide revaluations are performed every three years. The next city-wide revaluation will be carried out as at 1 September 2015 and will be effective for the 2016/17 rating year and the two consecutive rating years (subject again to subsequent maintenance valuations).

Policy objective:

- To provide the Council with adequate income to carry out its mission and objectives.
- To support the Council's achievement of its strategic objectives.
- To be simply administered, easily understood, allow for consistent application and generate minimal compliance costs.
- To spread the incidence of rates as equitably as possible by balancing the level of service provided by the Council with ability to pay and the incidence of costs in relation to benefits received.
- To be neutral in that it does not encourage people to redirect activity in order to avoid its impact.
- To reflect the decisions of the Council's policies and rating reviews.

GENERAL RATES

General rates are set under section 13 of the Act on all rateable rating units in the City of Wellington.

The Council proposes to set a general rate based on the capital value of each rating unit within the city.

The general rate will be set on a differential basis, based on land use. All rating units (or part thereof) will be classified for the purposes of general rates within one of the following rating differentials.

DIFFERENTIAL RATING CATEGORIES

Base Differential

This includes:

a. Separately rateable land used solely for one or more household units; excluding those properties that provide short stay (28 days or less) commercial accommodation for which a tariff is charged
b. Vacant land zoned residential
c. Rural land (including farmland and lifestyle blocks) under the District Plan that is administered by the Council, but excluding any rating unit that is used for rural industrial purposes
d. Separately-rateable land occupied by a charitable organisation which is deemed by the Council to be used exclusively or principally for sporting, recreation or community purposes and that does not generate any private pecuniary profit.

This category has a general rate differential rating factor of 1.0.

Commercial, Industrial and Business Differential

This includes:

a. Separately-rateable land used for a commercial or industrial purpose
b. Vacant land zoned commercial, industrial or rural industrial under the District Plan administered by the Council
c. Land used for offices, administrative and/or associated functions
d. Land used for commercial accommodation for which a tariff is charged and where the principal purpose is the provision of short stay (28 days or less) accommodation
e. Business-related premises used principally for private pecuniary benefit
f. Utility networks
g. Any property not otherwise categorised within the Base Differential.

This category has a general rate differential rating factor of 2.8.

Differential Rating Category Conditions

Differential rating 2.8:1 Commercial:Base

- The differential apportionment for the commercial, industrial and business sector is 2.8 times the General rate per dollar of capital value payable by those properties incorporated under the Base (Residential) differential. No changes are proposed to the differential apportionment in 2015/16.
- The separated parts of a rating unit will be differentially rated where a part of the property is non-rateable or the property fits under one or more rating differential and either:
    a) The total capital value of the rating unit is above $800,000 or
    b) Minority use(s) account for more than 30 percent of the total capital value of the rating unit.

  In any other case, the General rate differential is determined by principal use.

- In regard to the rates attributable to a rating unit during the transition period between two differential rating categories, a ratepayer may apply for a change in rating category at any time between the lodgement of a building consent application with the Council (on the condition that the principal prior use has ended) and the earlier of either:

a) The time at which the Council gives final approval of the completed works, or
b) The property is deemed (by the Council) to be available for its intended use.

- In situations where the change in land use does not require a Council consent, but warrants a change in differential rating category, the onus is on the ratepayer to inform the Council prior to the property being utilised under the new use.

- The rating differential classification of all rating units must be set prior to the commencement of a rating year and will remain in place for that entire rating year. Any change in circumstances that results in a change of differential classification during a rating year will apply from 1 July of the following rating year.

- Any property eligible for mandatory 50 percent non-rateability under Part 2, Schedule 1, of the Act, will be first classified under the appropriate General rate differential classifications and the non-rateability applied to that rate.

Uniform Annual General Charge

The Council does not assess a uniform annual general charge.

NON-RATEABLE LAND

Non-Rateable

Includes any land referred to in Part 1, Schedule 1 of the Act. This land is non-rateable with the exception of targeted rates solely for sewerage and water where the service is provided.

50 Percent Non-Rateable

Includes all land referred to in Part 2, Schedule 1 of the Act. This land is 50 percent non-rateable in respect of the rates that apply, with the exception of targeted rates for sewerage and water for which the land is fully rateable if the service is provided.

TARGETED RATES

Targeted rates are set under section 16 of the Act.

The Council has not adopted any lump sum contribution schemes under part 4A of the Act in respect of its targeted rates, and will not accept lump sum contributions in respect of any targeted rate.

Sewerage Rate

Targeted sewerage rates are to be apportioned 60 percent:40 percent of rates between properties incorporated under the Base differential and the Commercial, Industrial and Business differential in accordance with the Revenue and Financing Policy. This rate pays for the cost of the provision of the sewerage treatment facilities for the city.

For the purposes of these rates the sewerage collection and disposal service is treated as being provided if the rating unit is connected to a public sewerage drain (either directly or indirectly), irrespective of whether the property is considered fully rateable or is mandatory non-rateable or 50 percent non-rateable under Schedule 1 of the Act.

The targeted Sewerage rate is calculated as follows:

For rating units incorporated in the Commercial, Industrial and Business differential:

A rate per dollar of capital value on all rating units connected to a public sewerage drain, to collect 40 percent of the required rates funding, after having deducted the total dollar amount budgeted to be collected through Trade Waste Charges (excluding consent fees).

For rating units incorporated in the Base differential:

A fixed amount per annum per rating unit for administration, plus a rate per dollar of capital value on all rating units connected to a public sewerage drain, to collect 60 percent of the required rate funding.

Water Rate

A targeted rate for water is to be apportioned with the aim of achieving a 60 percent:40 percent split between properties incorporated under the Base differential and the Commercial, Industrial and Business differential in accordance with the Revenue and Financing Policy.

This rate pays for water collection and treatment facilities, the water distribution network and water conservation for the city.

This rate is set on all rating units serviced by a water connection.

For the purposes of these rates, the water service is treated as being provided if the rating unit is connected to the public water supply (either directly or indirectly), irrespective of whether the property is considered fully rateable or is mandatorily non-rateable or 50 percent non-rateable under Schedule 1 or 2 of the Act.

The targeted Water rate is calculated as follows:

For rating units incorporated in the Commercial, Industrial and Business differential, either:

a) A consumption unit rate per cubic metre of water used for all rating units connected to the public water supply with a water meter installed, plus a fixed amount per annum per rating unit for administration.

Or

b) A rate per dollar of capital value on all rating units connected to the public water supply, without a water meter installed.

For rating units rated incorporated in the Base differential, either:

a) A consumption unit rate per cubic metre of water used for all rating units connected to the public water supply with a water meter installed, plus a fixed amount per annum per rating unit for administration.

Or

b) A fixed amount per annum per rating unit for administration, plus a rate per dollar of capital value on all rating units connected to the public water supply without a water meter installed, to collect the required Base differential contribution.

Stormwater Network Rate

A targeted stormwater rate is to be apportioned 77.5 percent to the non-rural rating units incorporated under the Base differential and 22.5 percent to the non-rural rating units incorporated under the Commercial, Industrial and Business differential in accordance with the Revenue and Financing Policy.

This rate pays for the cost of the provision of the stormwater collection/disposal network for the city.

Properties classified as rural under the Council's District Plan are excluded from the liability of this rate.

The targeted Stormwater network rate is calculated as follows:

For non-rural rating units incorporated in the Commercial, Industrial and Business differential:

A rate per dollar of capital value to collect 22.5 percent of the required rates funding.

For non-rural rating units incorporated in the Base differential:

A rate per dollar of capital value to collect 77.5 percent of the required rates funding.

Commercial, Industrial and Business Sector Targeted Rate

This rate pays for activities where the Council's Revenue and Financing Policy identifies that the benefit can be attributed to the commercial, industrial and business sector and where the activity is not incorporated in other service related targeted rates. This incorporates the following:

- 30 percent of the cost of the Wellington Regional Economic Development Agency (WREDA) and Venues. This is the equivalent of 100 percent funding of the events attraction and support activity within WREDA.

This rate is assessed on all properties incorporated in the commercial, industrial and business sector and is calculated on a rate per dollar of rateable capital value.

Base Sector Targeted Rate

This rate pays for activities where the Council's Revenue and Financing Policy identifies that the benefit can be attributed to properties incorporated under the Base differential rating category (incorporating residential ratepayers). This incorporates the following activities:

- 100 percent of the facilitation of community environmental initiatives, cultural grants, facilitation of recreation partnerships and community advocacy activities.
- 95 percent of the provision of community centres and halls activities.
- 60 percent of the provision of the water network, collection and treatment, and the sewage collection, treatment and disposal network activities
- 77.5 percent of the stormwater management activity.

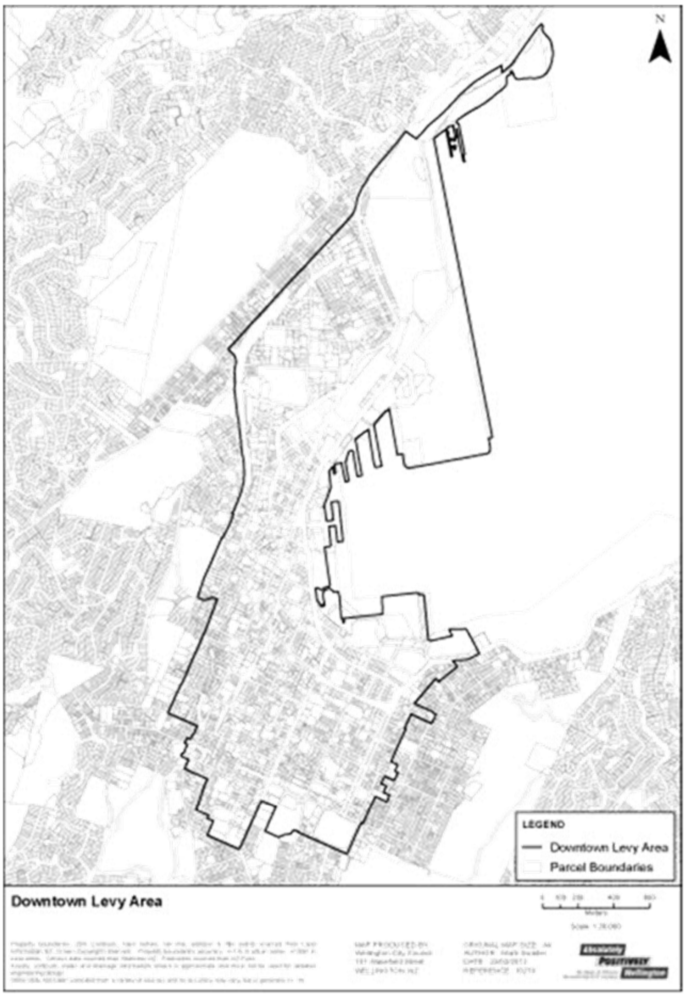
This rate is assessed on all properties incorporated under the Base differential rating category and is calculated on a rate per dollar of rateable capital value.

Downtown Targeted Rate

This rate pays for tourism promotion and retail support (free weekend parking). It also pays for:

- 50 percent of the cost of the Wellington Regional Economic Development Agency (WREDA) and Venues activities
- 40 percent of the cost of the Wellington Convention Centre activity
- 100 percent of retail support (free weekend parking) activity
- 70 percent of the visitor attractions activity
- 25 percent of galleries and museums activity.

This rate is assessed on all commercial, industrial and business properties in the downtown area and is calculated on a rate per dollar of rateable capital value. For the purposes of this rate, the downtown area refers to the area as described by the Downtown Area map as follows:



Tawa Driveways Targeted Rate

This rate pays for the maintenance of a specified group of residential access driveways in the suburb of Tawa, overseen by the Council. This rate is assessed on a specific group of rating units that have shared access driveway that are maintained by Council in the former Tawa Borough at a fixed amount per annum per rating unit.

Marsden Village Targeted Rate

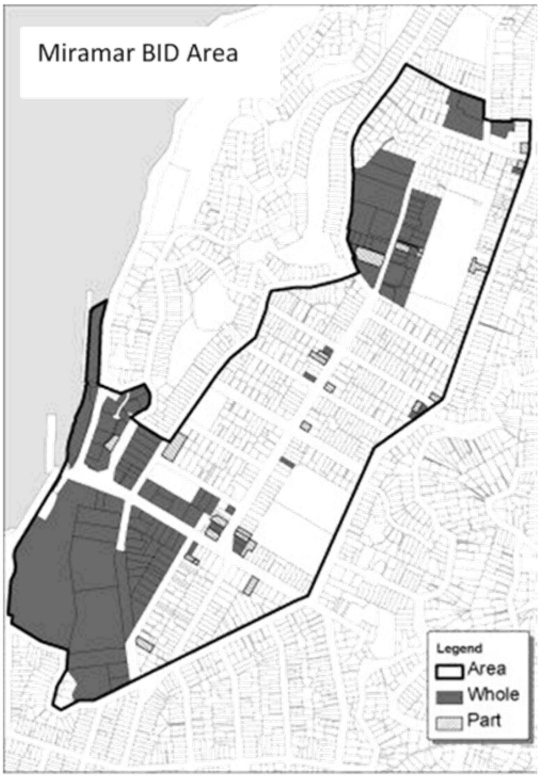
This rate is collected by the Council on behalf of the Marsden Village Association on all commercial, industrial and business properties in the Marsden shopping village (see map below) and is calculated on a rate per dollar of capital value to fund the maintenance of the area.

Miramar Business Improvement District Targeted Rate

This rate is set by Council to fund the Business Improvement District activities of Enterprise Miramar Peninsula Incorporated.

The category of land for which this rate is set is on all rating units within the Miramar Business Improvement District (see map) which are subject to the "commercial, industrial and business" differential, but excluding any rating unit that is a substation or used by local or central government for a non-business purpose.

Liability for this rate is calculated as a fixed amount per rating unit, plus a rate per dollar of capital value for any capital value over $1 million per rating unit.



Khandallah Business Improvement District Targeted Rate

This rate is set by Council to fund the Business Improvement District activities of the Khandallah Village Business Association.

The category of land for which this rate is set is on all rating units within the Khandallah Business Improvement District (see map) which are subject to the "commercial, industrial and business" differential, but excluding any rating unit that is a substation.

Liability for this rate is calculated as a rate per dollar of rateable capital value.

Draft to Committee only – not Council policy

29

INDICATIVE RATES

The following table shows the indicative residential and commercial property rates inclusive of GST for a selection of billing categories, based on the draft 2015-16 budget. These are subject to change based on Council decisions made during the adoption of the 2015-25 Long-term Plan and changes in property valuations:

Indicative residential property rates (for properties without a water meter)		
Capital Values $	2015/16 Proposed Rates $	Increase over 2014/15 %
200,000	1,118	3.82%
300,000	1,537	4.18%
400,000	1,956	4.39%
500,000	2,375	4.53%
600,000	2,794	4.62%
700,000	3,212	4.69%
800,000	3,631	4.75%
900,000	4,050	4.79%
1,000,000	4,469	4.82%
1,100,000	4,887	4.85%
1,200,000	5,306	4.88%
1,300,000	5,725	4.90%
1,400,000	6,144	4.92%
1,500,000	6,562	4.93%
1,600,000	6,981	4.95%
1,700,000	7,400	4.96%
1,800,000	7,819	4.97%

Indicative suburban commercial property rates (for properties with a water meter). This excludes water by consumption which is charged on actual usage.		
Capital Values $	2015/16 Proposed Rates $	Increase over 2014/15 %
1,000,000	9,924	5.91%
1,250,000	12,373	5.93%
1,500,000	14,822	5.94%
1,750,000	17,270	5.95%
2,000,000	19,719	5.95%
2,250,000	22,168	5.96%
2,500,000	24,617	5.96%
2,750,000	27,066	5.96%
3,000,000	29,515	5.97%
3,250,000	31,963	5.97%
3,500,000	34,412	5.97%
3,750,000	36,861	5.97%
4,000,000	39,310	5.97%
4,250,000	41,759	5.97%
4,500,000	44,208	5.98%
4,750,000	46,656	5.98%
5,000,000	49,105	5.98%

Indicative downtown commercial property rates (for properties with a water meter). This excludes water by consumption which is charged on actual usage.		
Capital Values $	2015/16 Proposed Rates $	Increase over 2014/15 %
1,000,000	12,146	4.93%
1,250,000	15,150	4.94%
1,500,000	18,155	4.95%
1,750,000	21,159	4.95%
2,000,000	24,163	4.96%
2,250,000	27,168	4.96%
2,500,000	30,172	4.96%
2,750,000	33,176	4.97%
3,000,000	36,181	4.97%
3,250,000	39,185	4.97%
3,500,000	42,189	4.97%
3,750,000	45,194	4.97%
4,000,000	48,198	4.97%
4,250,000	51,202	4.97%
4,500,000	54,207	4.97%
4,750,000	57,211	4.97%
5,000,000	60,215	4.97%

RATES REMISSION AND POSTPONEMENT POLICIES

Refer to the Council Rates Remission and Postponement Policies. Changes to the rates remission policy are described on page xx.

Absolutely Positively Wellington City Council
Me Heke Ki Pōneke

HEALTH AND SAFETY

Purpose

1. This report provides a report on the Council's health and safety management system for the reporting period from 1 July 2014 to 28 February 2015. The information presented provides a summary of the Council's health and safety performance for this period and provides quantitative data for comparison to previous year end reporting periods.

Recommendation

That the Audit and Risk Subcommittee:

1. Receive the information.

Discussion

2. The Council's health and safety management system provides the framework for how health and safety is managed across the Council. The Audit and Risk Subcommittee ('the Subcommittee') was briefed on the overall health and safety management system at its meeting on 9 December 2014 (see report 2.2 of the 9 December 2014 agenda).

Current Reporting Period

3. There is no single reliable measure of health and safety performance. What is required is a 'suite' of measures that provide our organisation information on a range of health and safety activities. This report provides quantitative measures – both lead and lag indicators. Lead indicators are positive performance indicators that measure how well the activities for health and safety within our organisation are performing. Lag indicators tend to be backward looking indicators and relate to incident number, type and frequency as they have occurred in our workplace.

4. The 'traffic light' reporting format indicates the level of performance and the colour code shows the trending against the previous reporting years. Green shows where performance is tracking posititvely, yellow shows where performance is comparable to previous periods and red is where attention is needed.

Lead Indicators

5. The data below reflects the achievement of our organisation during the last three years. Included are the positive activities undertaken, including: training, inductions, drug and alcohol testing, health related interventions; and audits completed – all of which demonstrate and promote good health and safety knowledge, obligations and practices.

People

Activity	Y/E 30Jun2013	Y/E 30Jun2014	YTD 28 Feb 2015
H&S Inductions completed	487	529	338
H&S Inductions not completed	9	42	33
First Aid training completed	348	383	283
Non-violent crisis intervention training completed	79	78	74

Activity	Y/E 30Jun2013	Y/E 30Jun2014	YTD 28 Feb 2015
Incident Causation Analysis Method (ICAM) training completed			25
Safety Observations completed (Tier 2 & 3 Leaders)		31	24
Drug and Alcohol Testing completed	117	132	96
Drug and Alcohol Testing – failed results	7	2	0
Early Intervention Referrals	48	79	49
Workstation Assessments	54	74	30
Health Interventions	63	72	54
Influenza Vaccination Programme	470	468	

Notes:
- Health and Safety inductions are mandatory for all employees new to the Council. Through monthly reporting, reminders are sent to managers and ELT members to respond to outstanding inductions.
- Non-violent crisis intervention (NCI) training is an international training methodology and delivers knowledge and techniques for our ‘front-facing’ staff to help them recognise and respond safely to customers and public who may be acting in a defensive and/or threatening way. NCI training is identified as an established mitigation/control in the Council’s hazard/risk register for ‘face-to-face interaction’.
- ICAM is an internationally recognised investigation model. Only Council employees who are trained ICAM investigators can undertake full health and safety incident investigations. ICAM has a fundamental principle of ‘just culture’ which balances safety and accountability.
- Visible health and safety leadership is measured through ELT and Tier 3 managers completing safety observations across their directorate. ELT members have observations diarised to be completed prior to 30 June 2015.
- Early Intervention referrals assist employees experiencing pain and discomfort, the intention to prevent ongoing issues becoming an ACC work related injury claim.

Audits

Audit Type	Y/E 30Jun2013	Y/E 30Jun2014
ACC Annual Partnership Programme	Tertiary	Tertiary
Business Unit H&S Internal Audits completed	100%	100%

Notes:
- Council has maintained tertiary accreditation for the past seven years.
- Council has renewed our Employer Accreditation Agreement with ACC for a further twelve months, expiry date 31 March 2016.
- The Business Unit H&S Internal Audits for the year end 30 June 2015 will be reported on at the next Subcommittee meeting. Audits are due for completion across the Council business units by 31 March 2015.

Council-wide Hazard & Risk Register

6. There are 21 health and safety risk activities identified in the Council’s hazard and risk register, all of which, with established mitigation controls have been assessed as ‘low or moderate’. The risk assessment process adheres to the Council’s risk management process. The annual review process with the Council’s Health and Safety Representatives and the Council’s Health and Steering Group has been completed and the Council’s hazard and risk register updated accordingly, and communicated to Council officers.

Lag Indicators

7. The data reported below provides the status of incidents as they have occurred in our workplace over the last three years.

Work-Related Incidents

Table 1

Report year comparison	Y/E 30Jun2013	Y/E 30Jun2014	YTD 28Feb2015
Near Miss (No Injury)	1817	1888	1457
FAI[1]	693	675	441
MTI[2]	249	239	185
LTI/SH[3]	26	16	5
Fatality	*1	**1	***1

Notes:
- Incidents continue to trend positively with near miss reporting increasing and first aid, medical treatment and lost time / serious harm incidents tracking less in comparison to previous years.

* Contractor engaged through Capacity sustained fatal injuries in construction incident.
** Client suffered significant cardiac event in our pool and died on-site.
*** Client collapsed and died in the men's' changing room at one of our pool facilities.

Table 2

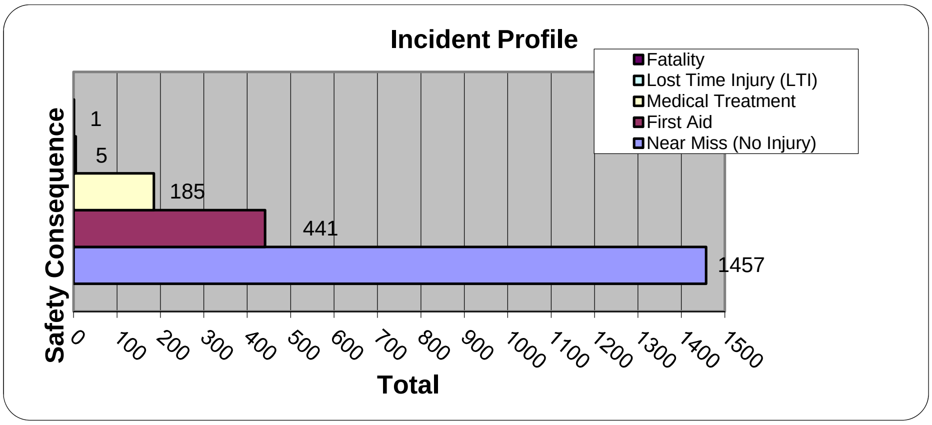


Table 3

Relationship	Near Miss (No Injury)	FAI[1]	MTI[2]	LTI or SH[3]	Fatality
Staff	293	108	94	5	
Public	452	325	86		1
Contractor*	711	7	5		
Volunteer	1	1			
Total	1457	441	185	5	1

Notes:
- The reporting profile in Tables 2 and 3 reinforces that the Council continue to report significant numbers of incidents which assists our organisation understand the types and relationships of

[1] First Aid Injury
[2] Medical Treatment Injury
[3] Lost Time Injury / Serious Harm

incidents that are occurring. This profile reflects the recognized 'Heinrich accident triangle' where majority of incidents are 'near misses' and incidents with injuries lessen.

* Contractor incidents include all security incidents. Total security related incidents = 667

Table 4

Injury Frequency Rates		**Y/E 30Jun2013**	**YE 30Jun2014**	**YTD 28 Feb 2015**
For every 1 million hrs worked	TRIFR[4]	43.7	42.6	58
	LTIFR[5]	4	1.2	2.9
For every 200,000 hrs worked	TRIFR	8.7	8.5	11.6
	LTIFR	0.8	0.2	0.6

Notes:

- Injury frequency trends are projected to align with previous reporting years
- Council is a member of the New Zealand Business Leaders' Health and Safety Forum. This forum is a coalition of business and government leaders committed to improving the performance of workplace health and safety in New Zealand. Council will have the ability in future reporting periods to benchmark against other organisations within the forum, which will be included in future Audit Risk Subcommittee reporting.

Investigations

8. 14 incidents in the reporting period ended 28 February 2015 were assessed as requiring full incident investigations. All Council investigations adhere to ICAM principles (investigation causation analysis method) and trained ICAM investigators across the Council undertake these investigations.

9. Four investigations have been completed and presented to the Health and Safety Steering Group – refer table below:

Directorate	**Incident Type**	**Relationship**	**Corrective Actions**	**Corrective Action Status**	**Overdue Actions**
CAO – Waste Operations	Near Miss	Contractor	4	75% complete	0
COO - Property	Near Miss	Staff/Public	6	85% complete	0
COO - Wellington Regional Aquatic Centre	Incident - Injury	Public	15	93% complete	0
COO - Freyberg Pool	Incident - Fatality	Public	8	63% complete	0

10. The remaining 10 investigations are scheduled to be reported to the Health and Safety Steering Group in April 2015.

[4] Total Recordable Injury Frequency Rate
[5] Lost Time Injury Frequency Rate

EnviroWaste - Investigation

11. The Subcommittee will be aware of the fatality involving an EnviroWaste employee on 3 March 2015. Although it is outside the reporting period for this report the following update is provided:

    - The Council (as the principal to the EnviroWaste contract) has formally requested EnviroWaste to undertake an investigation into this accident.
    - The Council has engaged an external health and safety consultant to review the Council's Contractor health and safety management systems and practices and test the deployment of these management systems against the EnviroWaste contract.
    - WorkSafe are undertaking an investigation into this accident.

Health and Safety Reform

12. The Transport and Industrial Relations select committee, which is considering the Health and Safety Reform Bill, is due to report back to Parliament on 29 May 2015. This is several weeks later than expected. The Subcommittee will be updated as the Bill progresses.

Council's Health and Safety Plan

13. The Subcommittee was briefed on the programme of work to prepare the Council for the transition from the existing legislation to the new Health and Safety legislation.

14. Work on the programme of work is progressing well and the Council's Health and Safety Steering Group is monitoring the progress against the milestones for the first three activities:

    1. Governance arrangements for health and safety
    2. Gap analysis of Council's health and safety management processes and systems
    3. Revitalising the Council's reporting framework.

15. Further updates on the project plan will be provided in future reports to Audit and Risk Subcommittee

Attachments

Nil

Author	Deborah Hammond, Manager,Health Safety & Wellness
Authoriser	Nicola Brown, Director Human Resources

3. Public Excluded

Resolution to Exclude the Public:

THAT the Audit and Risk Subcommittee :

1. Pursuant to the provisions of the Local Government Official Information and Meetings Act 1987, exclude the public from the following part of the proceedings of this meeting namely:

General subject of the matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
3.1 Internal Audit - Update	7(2)(c)(ii) The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to damage the public interest.	s48(1)(a) That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7.
3.2 Risk Management - Update	7(2)(c)(ii) The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to damage the public interest.	s48(1)(a) That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7.
3.3 Annual Security Management Report	7(2)(c)(ii) The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to damage the public interest.	s48(1)(a) That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7.

2. Permit Audit New Zealand to remain at this meeting after the public has been excluded, because of their specialist knowledge of the matters under discussion.