
ORDINARY MEETING

OF

GOVERNANCE, FINANCE AND PLANNING COMMITTEE

AGENDA

Time: 9.15am
Date: Wednesday, 10 December 2014
Venue: Committee Room 1
Ground Floor, Council Offices
101 Wakefield Street
Wellington

MEMBERSHIP

Mayor Wade-Brown

Councillor Ahipene-Mercer
Councillor Coughlan
Councillor Eagle
Councillor Foster
Councillor Free
Councillor Lee
Councillor Lester (Chair)

Councillor Marsh
Councillor Pannett
Councillor Peck
Councillor Ritchie
Councillor Sparrow
Councillor Woolf
Councillor Young

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

The Governance, Finance and Planning Committee is responsible for long-term planning, setting the strategic direction for the city, agreeing outcomes, priorities, performance frameworks and annual budgets. The Committee is responsible for the long-term plan, annual plan, annual report, and quarterly reports. The Committee also makes sure residents are kept informed about what the Council is doing, are able to have their say, and feel confident that their views count.

Quorum: 8 members

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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 15 October 2014 will be put to the Governance, Finance and Planning Committee 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 Governance, Finance and Planning Committee.

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 Governance, Finance and Planning Committee.

No resolution, decision, or recommendation may be made in respect of the item except to refer it to a subsequent meeting of the Governance, Finance and Planning Committee for further discussion.

2. General Business

2015-25 LTP FINANCIAL OVERVIEW PAPER

Purpose

1. The purpose of this report is to recommend to the Governance, Finance and Planning Committee (Committee) the draft Financial Strategy, draft Significant Forecasting Assumptions, and to highlight the key financial and funding policy considerations for the 2015-25 Long-term Plan (LTP). Funding Workshops have been scheduled for 28 January 2015 and 3 February 2015 to consider the detail of the proposed financial and funding policies.

Summary

2. The preparation of the LTP is an opportunity for Council to reassess the external environment and community needs and its impact on services and sustainability. The Financial Strategy, Significant Forecasting Assumptions, and reviews of financial and funding policies facilitate prudent financial management and provide context for consultation on the LTP by making transparent the impact of Council proposals on the Council's services, rates, debt and investment.
3. This report includes the following attachments:
 - Financial Strategy
 - Significant Forecasting Assumptions
 - Summary of compliance with Revenue and Financing Policy funding targets.
4. Officers are in the process of reviewing the following funding and financial policies and have highlighted through this report key policy changes that are proposed for Council consideration:
 - Revenue and Financing Policy (including rating mechanisms)
 - Rates Remission Policy
 - Rates Postponement Policy
 - Development Contributions Policy
 - Investment and Liability Management Policies.
5. Draft financial and funding policies will be presented at the Funding workshops scheduled on 28 January 2015 and 3 February 2015.
6. This paper also notes changes to the Significant Accounting Policies which will be reported to the Audit and Risk Subcommittee in March 2015.

Recommendations

That the Governance, Finance and Planning Committee:

1. Receive the information.
2. Agree in principle the draft Financial Strategy (included in attachment 1 to this report).
3. Note that the proposed Financial Strategy that will be consulted on at the same time as the 2015-25 Long-term Plan, will be considered by Council on 25 February 2015.
4. Note the draft Significant Forecasting Assumptions (included as attachment 2 to this

report) used in developing the financial forecasts for the 2015-25 Long-term Plan.

5. Note the compliance status with Revenue and Financing Policy funding targets for Council's activities based on draft budget projections (included as attachment 3), noting that variances will be considered at the Funding Workshops programmed for 28 January 2015 and 3 February 2015.
6. Note the draft financial and funding policies will be presented at the Funding Workshops, and recommendations made to Committee deliberations on 17 February 2015 and Council meeting on 25 February 2015.

Background

7. The overall approach to developing Council's next long-term plan is focused on:
 - Delivering on our vision of a smart and liveable city
 - Continuing to deliver the basics well, while managing risks at an acceptable level
 - Increasing utilisation of our existing asset base and the services we currently provide, while refreshing our offerings to maintain our strengths as a city and respond to people's changing expectations
 - Investing in projects that will be a catalyst for economic growth, while delivering appropriate returns on our investment
 - Enabling growth in a way that maximises our infrastructure investment and improves environmental performance as a result
 - Driving continuous operational efficiency within the organisation, with a focus on shared services and improved customer experiences.
8. Early engagement with key stakeholder groups was undertaken during September, regarding the above approach and different scenarios to implement it. The feedback has informed the proposed Financial Strategy.

Discussion

Financial Strategy

9. Section 101A of the Local Government Act 2002 (LGA) requires Council to prepare and adopt a financial strategy as part of its Long-term Plan. The strategy has two main purposes:
 - To facilitate prudent financial management
 - To facilitate consultation on the proposals for expenditure and funding
10. The strategy outlines the immediate and anticipated challenges and opportunities faced by the Council over the long-term planning period (ten years) and the impact they will have on services, rates, borrowings and investments. It also quantifies proposed limits on rates, rate increases and borrowings. The financial strategy guides the decisions we make now and in the future to ensure our investment in the city is financially sustainable.
11. The 2015-25 LTP is the opportunity to review our current Financial Strategy (agreed as part of the 2012-22 LTP) for the next ten years to consider whether it remains relevant and if any new information should be considered in amending or repositioning the strategy. It has also provided an opportunity for the Council to review its programme in full in light of its infrastructure strategy and focus on economic growth.
12. The proposed Financial Strategy recognises and responds to Council's main priorities for the 2015-25 LTP of investing to provide a catalyst for economic growth in the city, increased utilisation of existing services and facilities, and doing the basics well. The

financial parameters in the financial strategy have been reviewed and reset to enable us to meet these objectives while remaining financially prudent.

13. This direction and approach is different to that taken by Council in the past. It places increased emphasis on a longer-term strategic view, whilst focusing on short-term delivery. The first three years of the proposed LTP is detailed and reflects a work programme that is realistically deliverable in the timeframe. A rolling three year forecast will be initiated alongside the LTP, to enable the Council to respond to unanticipated changes in deliverability of planned projects and to consider new opportunities.
14. An envelope budgeting approach has been used to reflect the capacity that Council has within its proposed Financial Strategy to fund 'invest to grow' economic initiatives in years four to ten of the LTP. This allows Council to be transparent about the potential impact of such investments while recognising that they will still require robust business cases before the individual projects will be formally included in subsequent LTPs
15. The draft Financial Strategy is included as attachment 1.

Significant Forecasting Assumptions

16. Schedule 10 of the LGA requires that the Council identifies the significant forecasting assumptions and risks underlying the financial information set out in the ten year 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.
17. 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 ten year period and to ensure that there is a consistent and justifiable basis for the preparation of the financial forecasts.
18. The significant forecasting assumptions used in developing the financial forecasts for the LTP is included as attachment 2.

Key Policy Issues:

Revenue and Financing Policy (RFP)

19. The LGA 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 benefits and pays for Council's activities. It does this by explaining the proportion of each Council activity to be funded by user charges, other revenue (e.g. NZ Transport Agency subsidies), rates (targeted and general rates) or borrowings.
20. The costs, income, and funding requirements for each of Council's activities are reviewed annually to assess compliance with the funding targets set out in the Revenue and Financing Policy e.g. the proportion funded from rates versus non-rates income.
21. A review of the policy and the funding targets for each activity is completed as part of the long-term plan.
22. In developing the Revenue and Financing Policy, the LGA requires Council to consider for each activity:
 - Community outcomes to which each activity contributes

- Distribution of benefits between whole community, identifiable part of the community, and individuals (user/beneficiary pays)
- Period over which benefit will occur (inter-generational equity)
- Extent to which action/inaction of individuals contribute to the need to undertake the activity (exacerbator/polluter pays)
- Costs and benefits from funding the activity separately (transparency / accountability).

23. The LGA also requires Council to consider the overall impacts of allocation of liability on the community, such as affordability, barrier to access services, legal constraints, materiality and sustainability.

General Funding Principles

24. To assist in establishing the funding policy for its various activities the Council has previously adopted a set of guiding principles. Officers consider that these principles remain relevant and provide a robust basis for review as part of the 2015-25 LTP.

These principles include:

- The beneficiary / exacerbator pays
- Individual benefit = user charge
- Identifiable part of community = targeted rate
- The whole community = general rate
- Consideration of inter-generational equity

25. The Council has a range of potential funding sources for each of its activities. These include:

- Rates (general or targeted rates)
- User fees and charges (where the specific user can be identified and it's practical to charge)
- Grants & subsidies
- Borrowings
- Special funds
- Other sources of funding

Revenue and Financing Policy Compliance

26. A graphical snapshot and schedule of compliance with existing Revenue and Financing Policy funding targets is included in attachment 3. Where draft budgets indicate that an activity is not compliant with the current policy, it summarises the key drivers for non-compliance and options for addressing non-compliance.

27. A review of user fees and charges and/or fee structures is proposed for the following activity areas:

- 1.1.3 City Archives
- 5.1.1 Swimming Pools
- 5.1.2 Sportsfields
- 5.1.4 Recreation Centres
- 5.1.7 Marinas
- 5.2.6 Community Centres & Halls
- 5.3.3 Public Health Regulations
- 6.2.1 Building Control & Facilitation
- 6.2.2 Development Control & Facilitation.

28. Potential options available to address areas of non-compliance include:

- Considering changes to the service offering or expenditure on the activity
 - Increasing utilisation and throughput
 - Increasing user charges to improve policy compliance
 - Amending the policy to change the user charge proportion
 - Leaving the policy unchanged and noting temporary non-compliance with policy.
29. Detailed papers discussing options and results of activity reviews are being prepared for activities where:
- Council has started or ceased activities
 - The policy rationale for undertaking activities has changed
 - Some external change forces a reconsideration of impact on community wellbeing e.g. change in economic conditions, population composition etc
 - Non-compliance with policy targets is significant (variance is more than +/-5% or more than \$100,000 against target).
30. Detail will be presented for discussion at the Workshops scheduled on 28 January 2015 and 3 February 2015. The recommendations from the workshops will be incorporated into the draft Revenue and Financing Policy and presented to the Committee deliberations on 17 February 2015 for decision making.

General Rates Differential Review

31. The general rate differential and its impact on Council rates is being reviewed to assess whether the ratio of the differential at 2.8:1 is achieving what was intended in 2001 when the staged change was initiated, and whether the current differential is still appropriate. At 2.8:1 the differential split of total rates is approximately 56% Residential 44% Commercial rates. Officers are not proposing a change in the rates differential at this stage, but final recommendation is pending on analysis currently being undertaken of profitability across the commercial sector.

Targeted Water Rates

32. This activity is currently fully rates funded with funding split 60% to the residential (base) sector and 40% to the commercial sector. This split is based on the historical share of water consumption between the two sectors. However, water volumes have been trending down in recent years and the split between the two sectors is currently being reviewed to assess whether the current funding split is still applicable.
33. Targeted water rates are based on the aggregated cost of the activities 2.3.1 Water Network and 2.3.2 Water Collection and Treatment. As the activity is fully funded by a targeted rate, all water rating mechanisms will increase by a level that correspond to the increase in expenditure for these activities.

Weather-tight Homes Rates Funding

34. The Council has provided for a significant liability of around \$50m to settle claims associated with weather-tight homes issues. Due to the quantum of the liability, Council currently uses borrowings in the first instance to meet these costs, with the associated borrowing subsequently being repaid through rates funding. This is to spread the cost and ensure that the affordability of any rates funding requirement is considered and managed. The funding of this liability was previously planned to take place progressively over eight years. Officers are proposing to extend the repayment period to thirteen years to reduce the annual rates funding required and therefore keep the annual rates increase to within affordable levels.

Proposed new targeted rate for Khandallah Business Improvement District

35. A new targeted rate is being proposed to be included in the draft 2015-25 Long-term Plan under the terms of the Business Improvement District Policy, for \$20,000 + GST to be applied to commercially rated properties in the Khandallah Business Improvement District area. This rate will be incorporated into the Financial and Funding statements and the draft Funding Impact Statements that will be agreed by Council in February 2015.

Rates Remission Policy

36. The Council's existing Rates Remission Policy has been reviewed and a number of changes are being evaluated. These changes will be addressed at the Funding Workshops but are in summary as follows:
- The impact of extending earthquake valuation uplift rates remission for Heritage Buildings.
 - **Rates Remission extension for Metered Water Rates:** Council currently provides a rates remission for water usage arising from a leak to voluntary residential metered water ratepayers only. It is proposed to extend the existing metered water rates remission to all non-residential metered water ratepayers, provided the property owner fixes the leak within a reasonable timeframe (to be determined).
 - **Rates Remission for Natural Disasters and Emergencies:** Council currently does not have a remission in place for natural disaster and emergency events. A rates remission will be proposed to provide relief to ratepayers where such an event affects one or more rating units' capacity to be inhabited, used or otherwise occupied for an extended period of time, for example, the Priscilla Crescent landslip or buildings needing to be closed due to earthquake. The level of remission and criteria will be determined by Council depending on the nature and severity of individual events and available funding at the time.
 - **Delegations:** Decisions relating to the remission of rates are currently delegated to the Chief Executive, the Chief Financial Officer, and the Manager Financial Accounting. For administrative efficiency, officers are proposing that this be amended to provide the Rates Team Leader with the delegation to authorise or decline the remission of rates penalties based on existing policy parameters, up to the value of \$500.00 per rating unit.

Rates Remission for new residential greenfield developments

37. In addition on 27 August 2014, the Committee agreed in principle to provide a partial and short-term rates remission for new residential greenfield allotments or dwellings in Lower Stebbings and Lincolnshire-Woodridge Special Housing Areas. This change will be reflected in the draft Rates Remission Policy to be presented at the Funding Workshops in early 2015.

Rates Postponement Policy

38. Officers have completed a review of the Rates Postponement Policy. While no changes to the existing policy are proposed, some minor editorial changes will be made and incorporated into the policy to be presented at the Funding Workshops in early 2015.

Development Contributions Policy

39. Officers are reviewing whether development contributions should be retained as a funding tool for Wellington City Council. Considerations include:
- Whether development contributions should be removed altogether to encourage further economic development in the city
 - Changes to the LGA have narrowed the scope of services for which development contributions can be sought. In addition, recent decisions by Council to provide development contribution remissions and incentives for applicants have already reduced the amount of revenue that can be collected
 - The changes to the LGA also introduced new reconsiderations and independent objections processes which are costly to implement and administer.
40. Alternative options for funding growth related capital expenditure are being investigated and will be presented for discussion at the Funding Workshops in early 2015.

Investment and Liability Management Policies

41. A review of the Investment and Liability Management Policies is being conducted and proposed amendments will be presented to Council at the Funding Workshops.

Borrowing limits

42. The Council's borrowing limits will be recorded in its Liability Management Policy in accordance with the proposed financial strategy.

Significant Accounting Policies:

43. The Significant Accounting Policies are being reviewed and updated to reflect changes in the Public Benefit Entity (PBE) accounting standards that came into effect on 1 July 2014. The majority of the changes affect how financial information is presented.

Attachments

Attachment 1.	Financial Strategy	Page 15
Attachment 2.	Draft Significant Forecasting Assumptions	Page 28
Attachment 3.	Revenue and Financing Policy Compliance	Page 42

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Authoriser	Andy Matthews, Chief Financial Officer

SUPPORTING INFORMATION

Consultation and Engagement

Subject to approval by Council, the variances proposed and decisions made on this report will be consulted on with the community through the 2015-25 Long-term Plan consultation process.

Treaty of Waitangi considerations

Targeted consultation will be undertaken with Iwi as part of the 2015-25 Long-term Plan consultation process using existing relationship channels.

Financial implications

This report discusses the Financial Strategy, Significant Forecasting Assumptions, and key financial and funding policy considerations for the 2015-25 Long-term Plan. These underpin the financial forecasts in the LTP and therefore decisions made on these documents will impact on our operational and capital expenditure forecasts. The impact of these decisions and recommendations of this report are significant.

Policy and legislative implications

This report meets all statutory requirements under the Local Government Act 2002, and is consistent with Council policy. Specific changes to Council policies recommended within the report will be consulted upon as part of the 2015-25 Long-term Plan consultation process.

Risks / legal

This report meets all statutory requirements under the Local Government Act 2002. Legal advice has been obtained for changes to financial and funding policies suggested in this report.

Climate Change impact and considerations

Implications for climate change have been considered in relation to the 2015-25 LTP, and therefore funding implications as related to the strategy and policies.

Communications Plan

A communications plan is not required in relation to this financial overview report as it is intended to be a briefing paper for Councillors.

WELLINGTON CITY COUNCIL

2015-2025 FINANCIAL STRATEGY

Investing for growth

Draft, Recommendation to Committee only - not Council Policy

1

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 with 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:

- Rebalancing our spend and investment between key strategy areas
- Identifying areas where service levels and performance are already high and increasing the use of existing assets, rather than spending on new investments
- Investing in projects that grow the economy and deliver returns on our investment
- Encouraging urban growth in areas where we have existing infrastructure and public transport and in a way that improves environmental performance
- Improving our asset management to better manage risk while also maintaining high levels of service delivery
- 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.

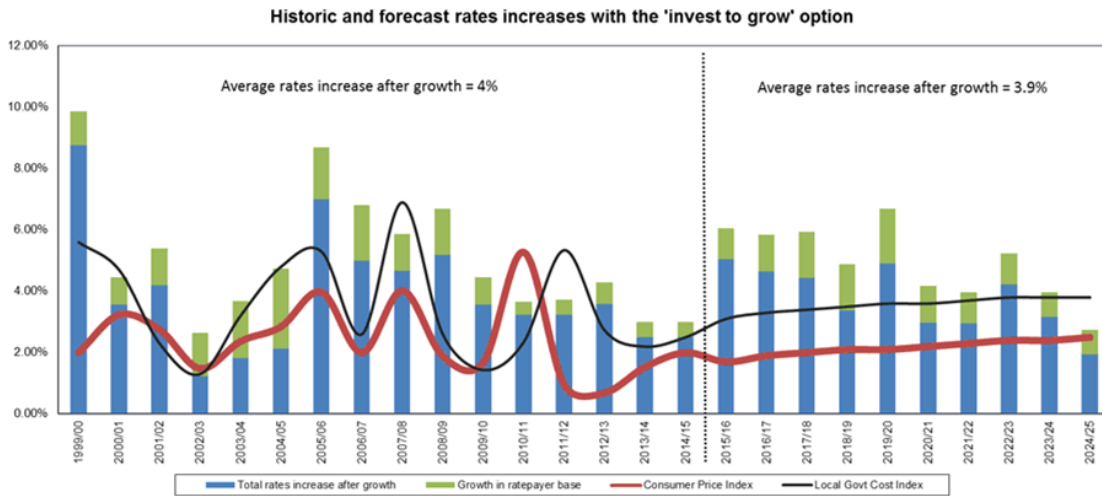
RATES FORECASTS AND LIMITS

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 plan¹.



The limit on rates are the amount of rates income forecast to be collected by Council, based on the increase set by the rates increase limit. This increase compares favourably with the average increase of 4.1% over the last 15 years.

¹ These rates increase limits are indexed off the 2014/15 total rates excluding Business Improvement District Rating and 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.



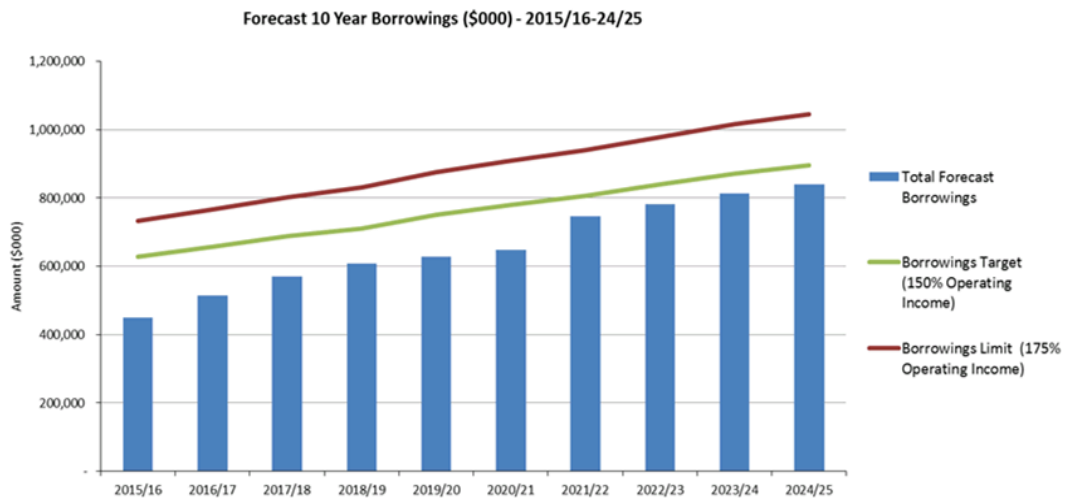
DEBT FORECASTS AND LIMITS

We are forecasting debt across the period of this LTP to peak at 150% 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

<p>130% forecast 150% limit</p> <p>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.</p>	<p>150% forecast 175% limit</p> <p>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.</p>
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CHALLENGES AND OPPORTUNITIES

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

Population, land use, and rating base growth

Since 2010 Wellington City has had slow population growth of 0.7% per year (0.2% below the national average). The 2015 population is estimated at 202,669 people. It is expected to increase by 12,185 to 214,854 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 \$73.4m and the associated operating costs of \$8.8m.

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 to peak at

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

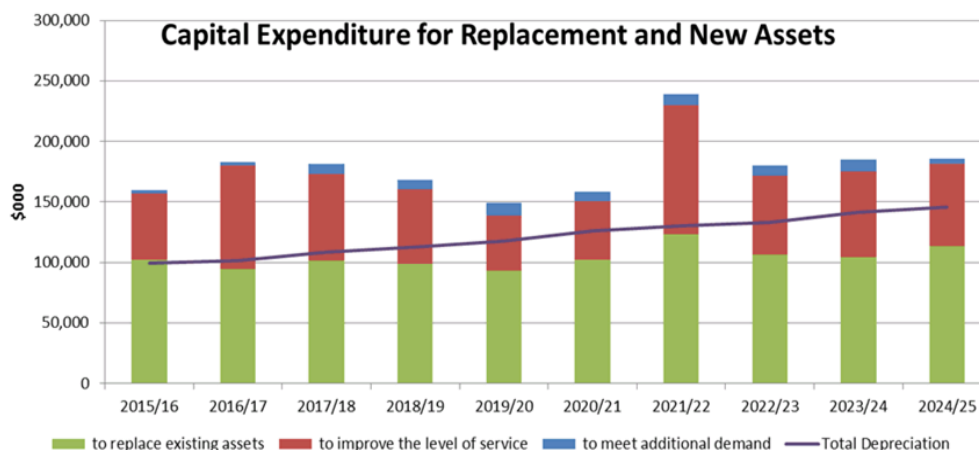
This plan is different in direction and approach to the past. The emphasis is strategic and long-term with a focus on short-term delivery.

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. Good quality 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. The quality of our information means we can 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.

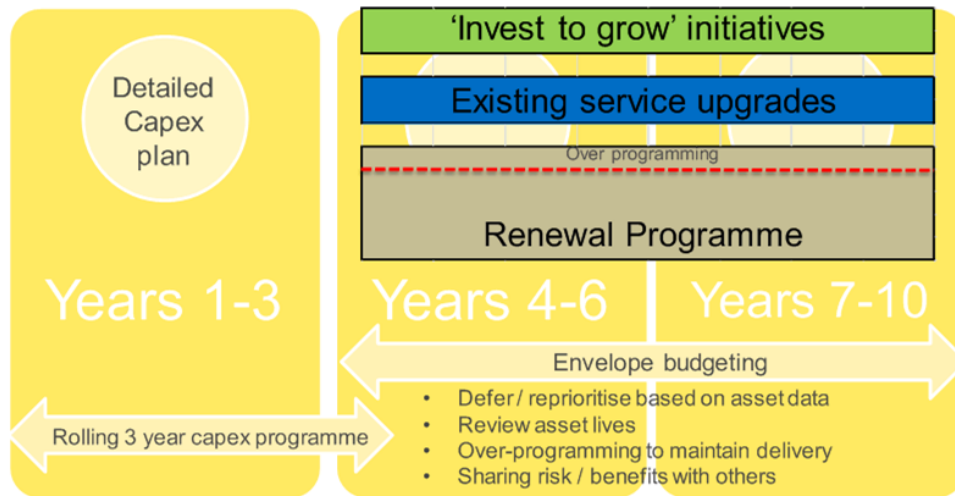
The expected capital costs for network infrastructure required to maintain existing levels of service and meet additional demands is as follows:



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.

There is less certainty, however, around the details, costing and timing of the 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.

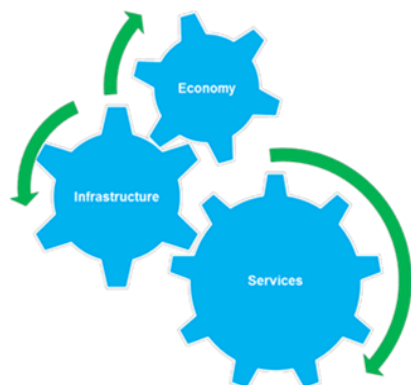


Managing investment expectations

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.



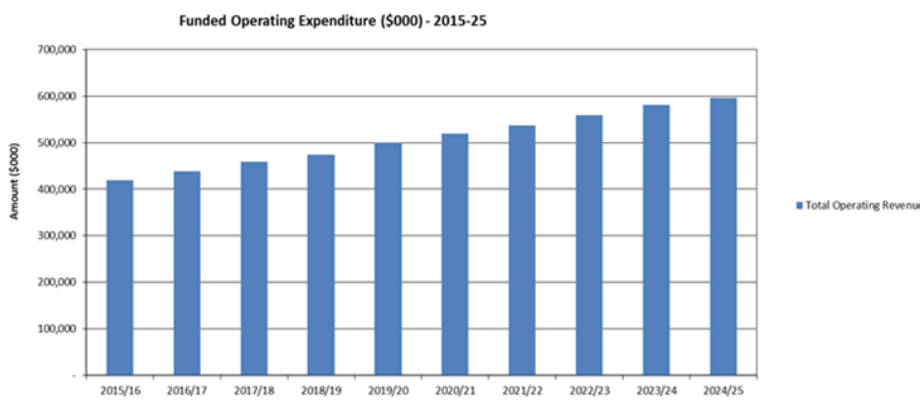
Risks:

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

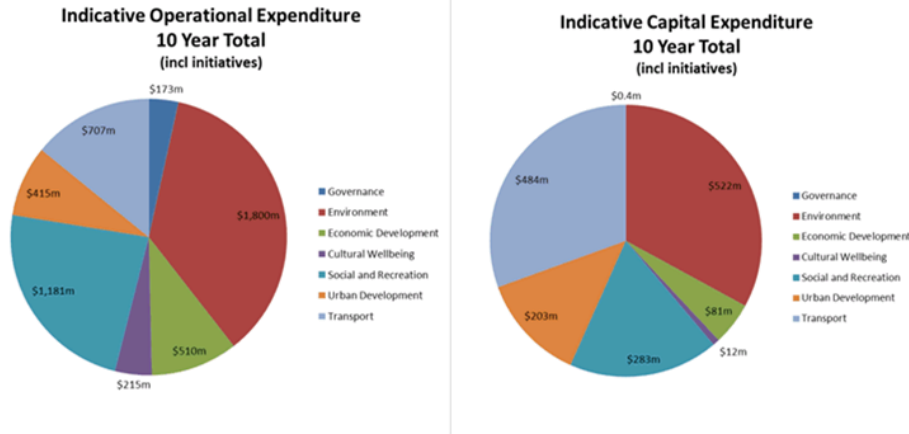
Continuing to do the basics well

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 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

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.
- Continue to fully fund depreciation on assets. This is needed so we can pay for their replacement in the future.
- Debt fund for Intergenerational Equity. Debt is used to initially 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 timing of replacement, as well as assessing 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

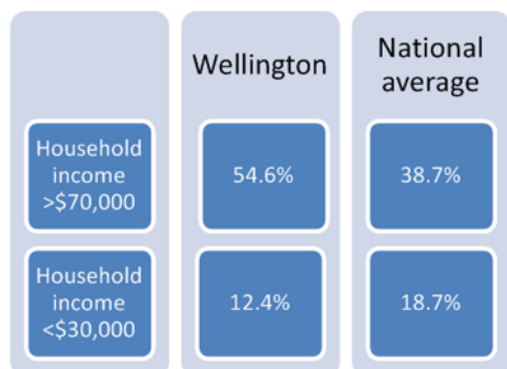
We will develop a more focused and strategic approach to partnering with central government and the private sector. To this end we have assumed that the initial capital cost of approximately \$100m of the \$1.9 billion of asset investment proposed in the 2015-2025 LTP will be funded by an external party. We will continue to budget for the associated debt servicing costs but transfer the capital risk and debt from the Council's balance sheet.

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.



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 than 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. There is 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

**2015-25 LTP
DRAFT
Significant Forecasting Assumptions**

DRAFT

Draft recommendation to Committee only – not Council policy

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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:			
<p>Strategic Direction The strategic direction set out in the <i>Wellington 2040: Smart Capital</i> strategy will influence the way the Council delivers services and infrastructure to Wellington's residents.</p> <p>Achieving the strategic directions will ensure Wellington thrives and prospers and is resilient against threats, both natural and economic.</p> <p>The strategy is supported by Wellington's residents.</p> <p>Our four strategic goals are our community outcomes:</p> <ul style="list-style-type: none"> • People City • Eco City • Connected City • Dynamic Central City 	<p>That the strategic directions will not lead to Wellington prospering and thriving.</p>	<p>Low</p>	<p>The <i>Wellington 2040: Smart Capital</i> 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.</p> <p>The Strategy builds on strengths and mitigates against threats.</p> <p>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.</p>

Item 2.1 Attachment 2

Forecasting Assumptions			Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty																																				
<p>Projected growth in the Wellington City economy:</p> <ul style="list-style-type: none"> GDP Growth 2015-25 (Aspirational Scenario): 3.1% per annum Employment Growth 2015-25 (Aspirational Scenario): 1.7% per annum <p>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.</p>			<p>That economic growth is lower than forecasted due to:</p> <ul style="list-style-type: none"> 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. 	Moderate	<p>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.</p> <p>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.</p>																																				
<p><i>Projected growth change factors:</i></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Population forecast</th> <th>Households forecast</th> </tr> </thead> <tbody> <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> </tbody> </table>			Year	Population forecast	Households forecast	2015	202,669	76,145	2016	203,933	76,807	2017	205,199	77,495	2018	206,665	78,201	2019	208,056	78,914	2020	209,473	79,607	2021	210,826	80,272	2022	212,083	80,947	2023	213,615	81,635	2024	214,854	82,308	2025	216,289	82,984	<p>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.</p>	Low	<p>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.</p>
Year	Population forecast	Households forecast																																							
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Forecasting Assumptions			Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty																				
Annul average	0.65%	0.86%																							
<p>City growth assumptions underpin the Council’s Asset Management Plans, capital expenditure budgets, and level of services in the LTP.</p> <p>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.</p> <p>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.</p>																									
<p>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:</p> <table border="0"> <tr><td>2015/16</td><td>1.0%</td></tr> <tr><td>2016/17</td><td>1.2%</td></tr> <tr><td>2017/18</td><td>1.5%</td></tr> <tr><td>2018/19</td><td>1.5%</td></tr> <tr><td>2019/20</td><td>1.8%</td></tr> <tr><td>2020/21</td><td>1.2%</td></tr> <tr><td>2021/22</td><td>1.0%</td></tr> <tr><td>2022/23</td><td>1.0%</td></tr> <tr><td>2023/24</td><td>0.8%</td></tr> <tr><td>2024/25</td><td>0.8%</td></tr> </table>			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%	<p>The growth in the ratepayer base is higher or lower than projected.</p>	<p>Low – Moderate</p>	<p>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.</p> <p>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.</p> <p>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</p>
2015/16	1.0%																								
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Forecasting Assumptions	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
			measure and report on growth in the rating base and review the projections and underlying strategy on a three yearly basis.
<p>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.</p> <p>This ongoing review will focus on:</p> <ol style="list-style-type: none"> A review of the options, impacts and potential risks of reducing the renewals budget The future need for assets and their ongoing strategic alignment. The future capital programme, service levels, alternative service models, increased asset utilisation, holdings and potential income-generating opportunities. Organisational alignment and increased use of inter council shared service alignment 	<p>That council does not achieve the forecast level of savings.</p> <p>Note that in making any decisions the Council will:</p> <ul style="list-style-type: none"> 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	<p>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.</p>
<p>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.</p>	<p>That there are significant changes in customer expectations regarding demand for services or levels of service from those planned in the LTP.</p>	Low	<p>The Council has well defined service levels for its planned activities which have been reviewed as part of the LTP process.</p> <p>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.</p>
<p>Funding for major economic growth initiatives The 2015-2025 LTP identifies a number of projects that</p>	<p>That the funding allocated will be insufficient to fund all of the projects</p>	Moderate	<p>Each of the major economic projects identified within the plan will undergo a robust business case to assess their cost</p>

Forecasting Assumptions	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
we forecast will provide a catalyst for economic and rating base growth in the city. These projects which include funding for urban development initiatives that provide a catalyst for growth and potential investment in extension 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.	identified.		effectiveness and anticipated contribution to the city economy. We cannot yet be certain that all these projects will proceed. Given the lead time it is also likely that a significant proportion of the investment will not be incurred 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	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.

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Draft recommendation to Committee only – not Council policy

Forecasting Assumptions	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
	population.		
<p>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.</p> <p>In line with the rest of NZ, we follow the "4Rs":</p> <ul style="list-style-type: none"> ▪ Reduction of risk ▪ Readiness for an event ▪ Response when it occurs; and ▪ Recovery, post-event. <p>The focus areas for disaster preparedness within our plan are:</p> <ul style="list-style-type: none"> ▪ Earthquake prone buildings ▪ Water ▪ Wastewater ▪ Transportation ▪ Electricity ▪ Gas ▪ Telecoms ▪ Welfare ▪ Community preparedness <p>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.</p>	<p>That a significant event occurs (e.g. a major earthquake) and:</p> <ul style="list-style-type: none"> ▪ 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	<p>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.</p> <p>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.</p>
<p>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</p>	<p>That Government policy framework shifts, resulting in new or amended legislation</p>	Moderate	<p>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.</p>

Forecasting Assumptions	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
provide a stable working and statutory framework. Changes to the Resource Management Act (RMA) is expected.			
<p>Regional Governance Review</p> <p>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.</p> <p>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.</p>	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	<p>Any change in governance arrangements for the city and region could impact on levels of service and their costs, and alter the LTP forecast.</p> <p>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.)</p>
Significant Financial Assumptions:			
<p>Inflation</p> <p>The Council has adjusted base financial projections to reflect the estimated impact of inflation.</p>	That actual inflation will be significantly different from the assumed inflation.	<p>Low - Moderate Years (1-3)</p> <p>Moderate - High Years (4-10)</p> <p>High Years (11-30)</p>	<p>Inflation is affected by external economic factors, most of which are outside of the Council's control and influence.</p> <p>Council's costs and the income required to fund those costs will increase by the rate of inflation unless efficiency gains can be made.</p>

Forecasting Assumptions				Risk				Level of Uncertainty		Reasons and Financial Effect of Uncertainty	
Inflation Rates Applied: Inflation rates have been estimated using the BERL "Forecasts of Price level Change Adjustors to 2025." The applicable rates are (shown cumulative):										While individual indices will at times vary from what has been included in this LTP, the Council has relied on the assumption that the Reserve Bank will use of monetary controls to keep CPI within the 1.5 to 3% range.	
Index Forecast	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10	
Roading	1.000	1.014	1.036	1.061	1.088	1.117	1.149	1.183	1.220	1.260	
Property	1.000	1.024	1.050	1.078	1.107	1.139	1.174	1.211	1.250	1.294	
Water	1.000	1.038	1.069	1.104	1.140	1.180	1.223	1.271	1.321	1.376	
Energy	1.000	1.038	1.078	1.122	1.170	1.223	1.279	1.342	1.411	1.485	
Staff	1.000	1.018	1.039	1.060	1.083	1.107	1.133	1.161	1.191	1.223	
Other expense	1.000	1.025	1.051	1.080	1.111	1.143	1.180	1.218	1.261	1.306	
Other income	1.000	1.019	1.039	1.061	1.083	1.107	1.133	1.160	1.188	1.218	
Application of the Inflation Rates: The inflation rates above have been applied across all items within the financial statements with the exception of:								Low			
Revenue from investment properties – not inflated as most ground leases are subject to fixed rentals across the period.				That the revenue streams identified are influenced by changes in prices or the rate of inflation.				Low – Moderate		The assumption is considered reasonable in these cases due to the specific circumstances noted.	
Petrol tax – forecast to remain constant. Revenue from petrol tax is driven by tax rates and volumes – both of which are expected to remain constant over the 10 year period.				That the revenue streams identified fluctuate annually as a result of external factors outside the control of the Council.				Moderate		Although the revenue streams may vary annually due to factors outside the control of the Council (eg, petrol consumption may vary and therefore affect the revenue received from Petrol Tax) it is not considered that annual variances will have a material effect on the financial forecasts in the LTP.	
Interest revenue and expenditure – Interest rates do not increase annually in line with rates of inflation. Interest rates have been forecast to remain constant. Refer section below.				N/A							

Forecasting Assumptions	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
<p>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.</p> <p>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.</p>	<p>That cost pressures experienced by organisations receiving grants is such that Council are inclined to increase grant funds available.</p> <p>N/A</p>	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.
<p>Expected interest rates on borrowings Interest is calculated using the following interest rates:</p> <p>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</p>	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.
<p>Expected return on investments: Council has forecast the following returns for significant investments:</p>			
<p>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.</p>	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.

Forecasting Assumptions	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
<p>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</p> <p>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.</p>	<p>That actual levels of dividends differ from those forecasted in the plan.</p> <p>The WCC incurs some cost in decommissioning the network.</p>	<p>Low</p> <p>Moderate</p>	<p>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.</p> <p>WCCL is currently undertaking an assessment of the cost of decommissioning. Until this is know the cost implications for GWRC and WCC are unknown.</p>
<p>Wellington Regional Stadium Trust loan – in accordance with the terms of the loan, no interest has been forecasted across the 10 year period.</p> <p>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.</p>	<p>That the loan will not be repaid</p>	<p>Low</p>	<p>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.</p>
<p>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.</p>	<p>That operating profits and the dividend returned to Council are lower than forecast</p>	<p>Moderate</p>	<p>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.</p>
<p>New Zealand Transport Authority (NZTA) funding Council has made assumptions on the level of subsidies it expects to receive from central government through</p>	<p>NZTA make further changes to the subsidy rate, the funding cap or the criteria for inclusion in the subsidised</p>	<p>Low</p>	<p>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</p>

Forecasting Assumptions	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
<p>the NZTA over the period of the LTP. The NZTA Funding Assistance Rates Review was finalised in October 2014. The agreed funding assistance rates for both the 2015-18 National Land Transport Programme (NLTP) period and at the end of the transition are as below:</p> <p>2015/16 48% 2016/17 49% 2017/18 50% 2023/24 51% (end of transition)</p>	works programme.		cap.
<p>Vested assets No vesting of assets is forecast across the 10 year period.</p>	That Council will have assets vested thereby increasing the depreciation expense in subsequent years.	High	<p>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.</p> <p>The financial effect of the uncertainty is expected to be low.</p>
<p>Sale of Assets We have assumed asset sales of \$52m will be realised to repay borrowings across the 10 year period.</p>	That the sale of assets do not occur at forecasted levels	Moderate	<p>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.</p>
<p>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)</p>	That sources of funds are not achieved	Low	<p>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.</p>
<p>Useful lives of significant assets The useful lives of significant assets is shown in the Statement of Accounting Policies (refer page xx).</p> <p>It is assumed that there will be no reassessment of useful lives throughout the 10 year period.</p>	That assets wear out earlier or later than estimated.	Low - Asset lives are based upon estimates made by engineers and registered valuers.	<p>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.</p> <p>However, these impacts could be mitigated as capital projects could be reprioritised in the event of early expiration of assets.</p>

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.	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 Council replaces assets before the end of useful life. 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: <ul style="list-style-type: none"> • 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	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	Low	The Council believes the risk of the guarantee being called on and any financial loss arising from the guarantee is low. The likelihood of a local authority borrower defaulting is extremely low and all of the borrowings by a local authority from the LGFA are secured by a rates charge.

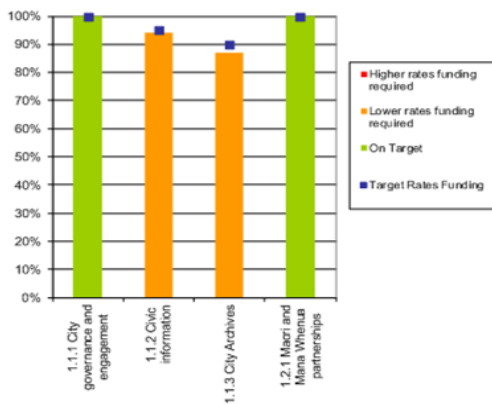
Forecasting Assumptions	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
authorities to the LGFA, in the event of default.	respective guarantor is set in relation to each guarantors relative rates income.		
Renewal of External Funding It is assumed that Council will be able to renew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

Attachment 3: Revenue and Financing Policy Compliance Snapshot

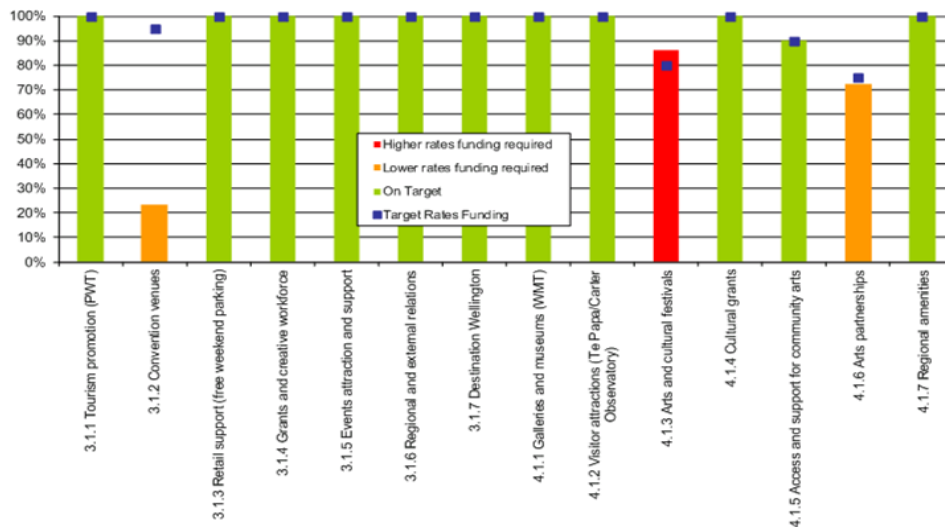
The following graphs provide a snapshot of compliance with current Revenue and Financing Policy targets across existing activities:

- **Higher rates funding required** – these activities are planned to receive more rates funding than was targeted in the Revenue and Financing Policy. This is because income from fees and user charges and other income is planned to fund a lower proportion of the total cost.
- **Lower rates funding required** – these activities are planned to receive less rates funding than was targeted in the Revenue and Financing Policy. This is because income from fees and user charges and other income is planned to fund a higher proportion of the total cost.

Governance - R&F Policy Compliance



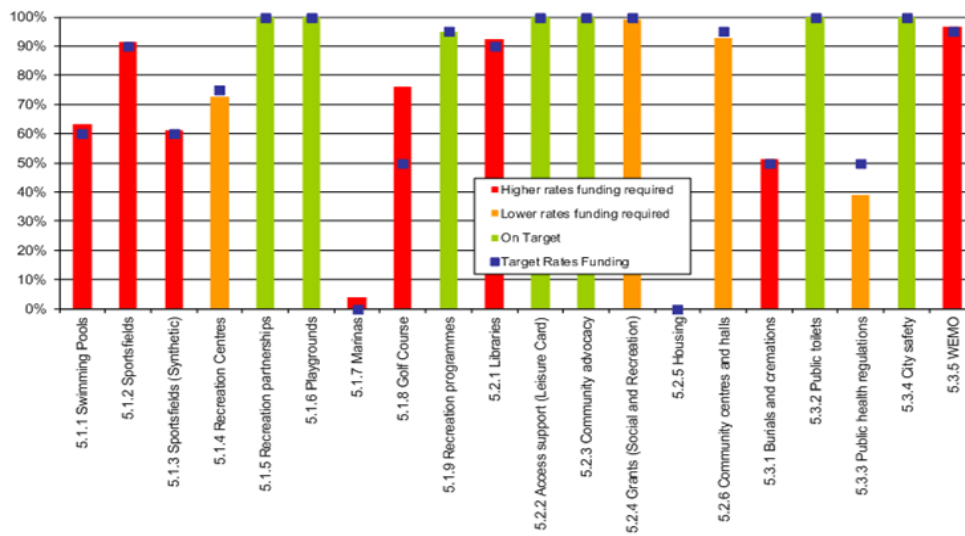
Economic Growth & Arts - R&F Policy Compliance



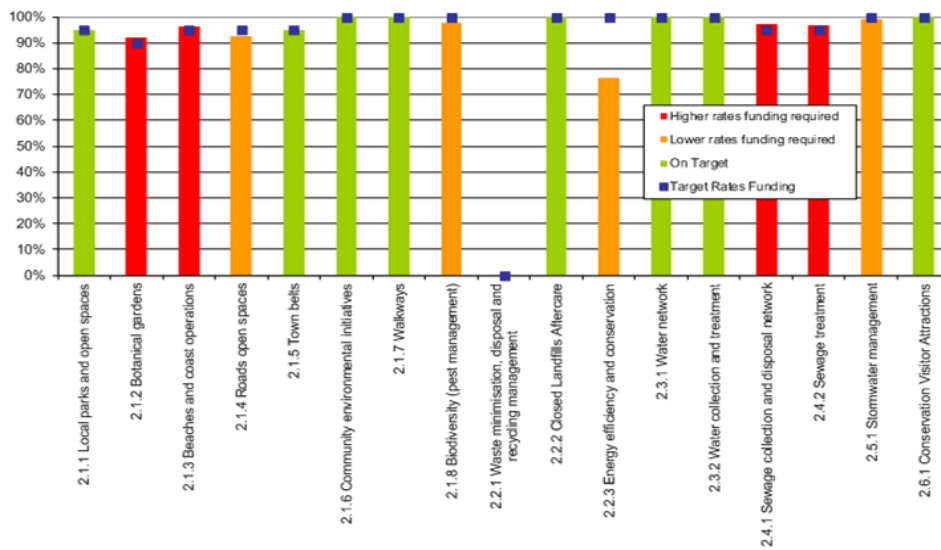
1

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Community, Sport & Recreation - R&F Policy Compliance

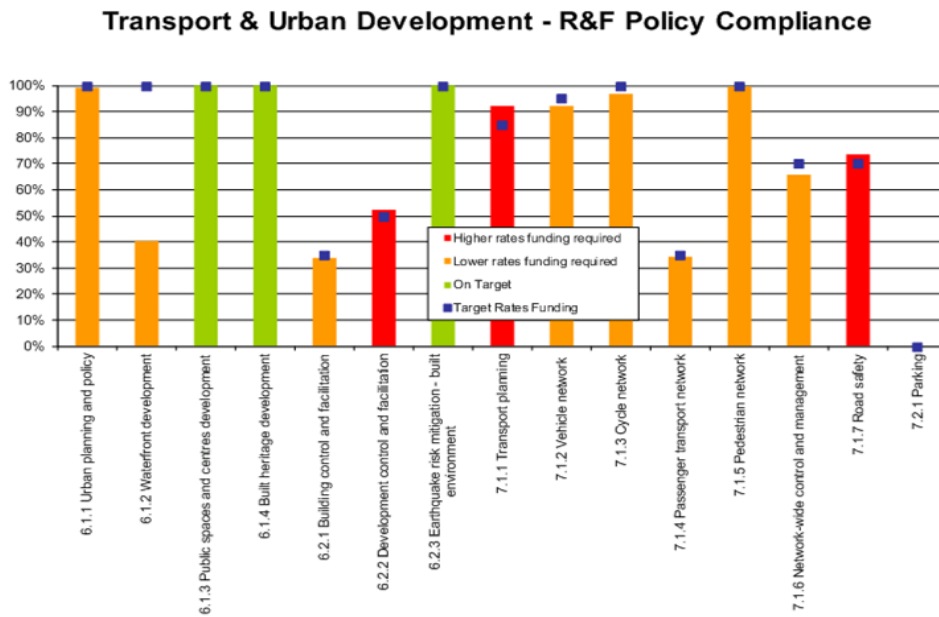


Environment - R&F Policy Compliance



2

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a) The following activities require a higher proportion of rates funding than targeted in the policy:

Activity Component	R&F Policy Target Rates Funding	2015/16 Indicative Rates Funding	Variation to current policy target		Comments
1.1.2 Civic information	95%	94%	1%	\$45k	Main income is from GWRC contract. Continue to look for opportunities to generate income by delivering services to paying customers. No changes to policy are being proposed.
2.1.2 Botanical gardens	90%	92%	2%	\$90k	Retail sales forecasts are lower than the levels required to achieve policy compliance. No changes are being proposed to policy.
2.1.3 Beaches and coast operations	95%	96%	1%	\$18k	Increase in general storm works and maintenance costs. Minor non-compliance. No changes proposed.
2.4.1 Sewage collection & disposal network	95%	97%	2%	\$484k	The user charges in this activity are trade waste levies. If in the future the targeted objective of reduced waste is achieved, Council's revenues through trade

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Activity Component	R&F Policy Target Rates Funding	2015/16 Indicative Rates Funding	Variation to current policy target		Comments
					waste charges will reduce. This would result in an increase in the rates funding to this activity. The Trade Waste Bylaw is being reviewed, but no changes to policy are being considered at this stage.
2.4.2 Sewage treatment	95%	97%	2%	\$373k	The main costs in this activity are the management fees charged by Veolia Water, the contribution to the Porirua joint venture, depreciation, and interest and landfill charges. No changes to policy are being considered at this stage.
4.1.3 Arts & cultural festivals	80%	86%	6%	\$174k	Additional funds budgeted for events. Changes to policy target are being considered.
5.1.1 Swimming pools	60%	63%	3%	\$645k	The non-compliance is mainly driven by a reduction in revenue targets and the impact of Living Wage. The activity is being reviewed. Changes to the policy target and some fee changes are being considered.
5.1.2 Sportsfields	90%	92%	2%	\$54k	Fee changes are being considered for this activity. Officers are reviewing the inputs required and the provision of natural sportsfields in light of changes in utilisation following the construction of artificial turfs in the region.
5.1.3 Sportsfields (synthetic)	60%	61%	1%	\$17k	Minor non-compliance due to a reduction in revenue forecasts. No policy changes being considered.
5.1.7 Marinas	0%	4%	4%	\$23k	An overall fee increase is being considered and costs are being reviewed in order to achieve policy targets.
5.1.8 Golf course	50%	76%	26%	\$72k	The golf course was split out as a separate activity during the 2012/22 LTP, and a user fees target was set based on

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Activity Component	R&F Policy Target Rates Funding	2015/16 Indicative Rates Funding	Variation to current policy target		Comments
					recovering the costs specific to the golf course. It was always anticipated that it will take time to meet this target. The targets and usage are being reviewed compared with previous forecast increase in utilisation.
5.2.1 Libraries	90%	92%	2%	\$494k	A policy target change is being considered, as income from overdue fines are trending down due to digital books not attracting fines. There has also been an increase in costs due to the transfer of Capex to Opex to take into account purchase of licences for digital books and the impact of the Living Wage.
5.3.1 Burials & cremations	50%	51%	1%	\$22k	The timing of the closure and replacement of the cremator has temporarily affected compliance. No changes are being proposed.
5.3.5 WEMO	95%	97%	2%	\$24k	No changes to policy being considered. Minor non-compliance
6.2.2 Development control & facilitation	50%	52%	2%	\$141k	Fee changes are being considered to meet policy targets.
7.1.1 Transport planning	85%	92%	7%	\$66k	Income derived from NZTA funding only. The activity is being reviewed. Changes to the policy target maybe considered.
7.1.7 Road safety	70%	73%	3%	\$187k	The budget for this activity is consistent with previous years, but the proportion of NZTA claimable expenditure has decreased. Therefore rates funding requirement has increased. No changes to policy or target are being proposed at this stage.

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b) The following activities require a lower proportion of rates funding than targeted in the policy:

Activity Component	R&F Policy Target Rates Funding	2015/16 Indicative Rates Funding	Variation to current policy target		Comments
1.1.3 City archives	90%	87%	(3%)	(\$42k)	A fee and income review is being carried out. No changes to policy or targets being proposed at this stage.
2.1.4 Roads open spaces	95%	93%	(2%)	(\$190k)	Income derived from NZTA funding only. Over-compliance driven by favourable NZTA funding forecasts. No changes to policy being considered.
2.1.8 Biodiversity (pest management)	100%	98%	(2%)	(\$38k)	Over compliance due to income for services provided to another TLA. The variance to policy is minimal and therefore no changes to policy are proposed.
2.2.3 Energy efficiency & conservation	100%	76%	(24%)	(\$46k)	The activity is being reviewed. Changes to the policy target are being considered.
2.5.1 Stormwater management	100%	99%	(1%)	(\$126k)	Mainly NZTA funding for drainage maintenance. No changes to policy being considered.
3.1.2 Convention Venues	95%	23%	(72%)	(\$13,431k)	Change in the way we budget for the Venues project – we now budget for both expenses and revenue. Policy rationale and targets are being reviewed to determine appropriate levels of rates vs non-rates funding.
4.1.6 Arts partnerships	75%	72%	(3%)	(\$53k)	Small reduction in costs for this activity. No changes to policy being considered.
5.1.4 Recreation centres	75%	73%	(2%)	(\$233k)	The budget currently assumes \$200k funding from NZCT for “Youth in Sport” programme. This funding is approved on a year by year basis and is yet to be confirmed. Fee changes are being considered for this activity.
5.2.4 Grants (social & recreation)	100%	99%	(1%)	(\$19k)	Short-term funding for Councillor Eagle’s contribution to

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Activity Component	R&F Policy Target Rates Funding	2015/16 Indicative Rates Funding	Variation to current policy target		Comments
					the Wellington Regional Stadium Trust (WRST) committee. No changes to policy being considered.
5.2.5 Housing	0%	-59%	(59%)	(\$16,094k)	The Community Housing activity is ring-fenced with user charges through rental income funding 100% of operating expenses. The over-compliance relates to capex grants from Housing NZ. No changes to policy being considered.
5.2.6 Community centres & halls	95%	93%	(2%)	(\$73k)	Over-compliance due to new income for running centres on behalf of some communities. No changes to policy being considered.
5.3.3 Public health regulations	50%	39%	(11%)	(\$568k)	A combination of increased income from liquor licensing fees set by legislation and an increase in dog registration volumes. Changes to the policy target and fees relating to the Food Bill are being considered.
6.1.1 Urban planning & policy	100%	99%	(1%)	(\$20k)	Budgeted income for District Plan changes. Minor non-compliance. No changes to policy are being considered.
6.1.2 Waterfront development	100%	40%	(60%)	(\$4,270k)	Change in service delivery model with Waterfront operations coming in-house. Policy and targets are being reviewed to determine appropriate levels of rates vs non-rates funding.
6.2.1 Building control & facilitation	35%	34%	(1%)	(\$188k)	Over-compliance due to additional revenue from processing Christchurch consents. Fees and the fee structure in this area are currently being reviewed.
7.1.2 Vehicle network	95%	92%	(3%)	(\$409k)	Income derived from NZTA funding only. Over-compliance driven by favourable NZTA funding forecasts. No changes to
7.1.3 Cycle network	100%	97%	(3%)	(\$31k)	
7.1.4 Passenger transport network	35%	34%	(1%)	(\$9k)	

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Activity Component	R&F Policy Target Rates Funding	2015/16 Indicative Rates Funding	Variation to current policy target		Comments
7.1.5 Pedestrian network	100%	99%	(1%)	(\$39k)	policy being proposed.
7.1.6 Network-wide control & management	70%	66%	(4%)	(\$247k)	
7.2.1 Parking	0%	-114%	(114%)	(\$13,945k)	This activity recovers significantly more revenue than the operating costs. The surplus from this activity subsidises transport infrastructure projects, thereby reducing the rate funding for transport projects. No changes to policy targets or fees are being proposed.

c) The following activities are 100% rates funded or compliant with targets in the policy:

Activity Component	R&F Policy Target Rates Funding	2015/16 Indicative Rates Funding	Variation to current policy target		Comments
1.1.1 City governance & engagement	100%	100%	-	-	
1.2.1 Maori & Mana Whenua partnerships	100%	100%	-	-	
2.1.1 Local parks & open spaces	95%	95%	-	-	
2.1.5 Town belts	95%	95%	-	-	
2.1.6 Community environmental initiatives	100%	100%	-	-	
2.1.7 Walkways	100%	100%	-	-	
2.2.1 Waste minimisation, disposal & recycling management	0%	0%	-	-	
2.2.2 Closed landfills aftercare	100%	100%	-	-	
2.3.1 Water network	100%	100%	-	-	
2.3.2 Water collection & treatment	100%	100%	-	-	

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Activity Component	R&F Policy Target Rates Funding	2015/16 Indicative Rates Funding	Variation to current policy target		Comments
2.6.1 Conservation visitor attractions	100%	100%	-	-	
3.1.1 Tourism promotion (PWT)	100%	100%	-	-	
3.1.3 Retail support (free weekend parking)	100%	100%	-	-	
3.1.4 Grants & creative workforce	100%	100%	-	-	
3.1.5 Events attraction & support	100%	100%	-	-	
3.1.6 Regional & external relations	100%	100%	-	-	
3.1.7 Destination Wellington	100%	100%	-	-	
4.1.1 Galleries & museums	100%	100%	-	-	
4.1.2 Visitor attractions (Te Papa/Carter Observatory)	100%	100%	-	-	With the inclusion of the Museum of Peace and Conflict to this activity, the policy rationale and targets are being reviewed to determine the appropriate levels of rates vs non-rates funding .
4.1.4 Cultural grants	100%	100%	-	-	
4.1.5 Access & support for community arts	90%	90%	-	-	
4.1.7 Regional amenities	100%	100%	-	-	
5.1.5 Recreation partnerships	100%	100%	-	-	
5.1.6 Playgrounds	100%	100%	-	-	
5.1.9 Recreation programmes	95%	95%	-	-	
5.2.2 Access support (leisure card)	100%	100%	-	-	
5.2.3 Community advocacy	100%	100%	-	-	
5.3.2 Public toilets	100%	100%	-	-	
5.3.4 City safety	100%	100%	-	-	

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Activity Component	R&F Policy Target Rates Funding	2015/16 Indicative Rates Funding	Variation to current policy target		Comments
6.1.3 Public spaces & centres development	100%	100%	-	-	
6.1.4 Built heritage development	100%	100%	-	-	
6.2.3 Earthquake risk mitigation – built environment	100%	100%	-	-	

- d) New activities and policies are being considered for the following initiatives:
- Wellington Economic Initiatives Development (WEID) Fund
 - Convention Centre
 - Airport Runway Extension
 - Indoor Arena
 - Film Museum

30 YEAR INFRASTRUCTURE STRATEGY

Purpose

1. The Council must prepare and adopt an infrastructure strategy for a period of at least 30 consecutive financial years.
2. The purpose of this report is to present the Council with the draft Infrastructure Strategy (30IS). This strategy sets out how the Council will provide and maintain affordable and sustainable infrastructure services for this and future generations.

Summary

3. Infrastructure services form a primary part of the Council's business and their delivery critically provides for the functioning of a complex, modern city. They underpin the everyday activities of the City as well as its aspirations for the future.
4. To provide this support, it is essential the City's infrastructure services are managed and developed in a smart, sustainable and effective way. Wellington's needs and aspirations are inextricably linked to how well and how sustainable the Council manages the City's infrastructure.
5. This 30IS will enable the Council to achieve the best possible use of its existing networks and facilities. In turn, this will give the City financial headroom to invest in areas of economic growth. The substantial focus for the City in the foreseeable future will be economic development, so the primary purpose of this strategy is to enable and support that development and help grow the City.

Recommendations

That the Governance, Finance and Planning Committee:

1. Receive the information.
2. Agree in principle to the draft Infrastructure Strategy in attachment one (subject to it being updated to reflect decisions on projects and programmes at the Long-term Plan deliberations in February 2015).
3. Note that the draft Infrastructure Strategy will be consulted on at the same time as the 2015-25 Long Term Plan.

Background

6. The 30IS explains how the Council will deliver and maintain affordable and sustainable infrastructure services for both current and future generations of the City. In essence the 30IS is a tool for smart, effective, knowledge-based decision-making about where and how the City directs its investment in its infrastructure services.
7. Given the essential nature of infrastructure services and the financial commitment required to provide them, it is vital the Council have a clear, robust and sustainable strategy for their delivery. The proposed 30IS seeks to ensure the Council maximises the value of its infrastructure investments, clearly understand the benefits of that investment and highlights the reality of the risks that are present in providing its infrastructure services. It is also imperative the Council understands the relationships between these realities, for example, being able to articulate what may happen to the City if it does not invest adequately in its infrastructure.

8. The 30IS also provides a strategic and transparent framework and direction for integrated planning across our services. This will become increasingly important for managing the City's infrastructure into the future.

Discussion

9. Infrastructure services are a major part of the Council operations. The Council has \$6.5 billion currently invested in physical assets, and most of the Council services are reliant on and tied to these assets.
10. Over the 30-year horizon of the strategy and beyond, priorities and imperatives for the City and region will invariably change. However, by properly understanding the Council infrastructure and making smart and well understood decisions the Council can give the best possible support to the City's needs and aspirations over the long-term, whatever they may be.
11. Anything the Council chooses to do on behalf of its community in terms of its infrastructure does not exist in isolation – it can have a number of benefits. Infrastructure can provide for the necessities of life (i.e. water), enable growth (i.e. transportation), raise the level of public health and the quality of the environment (i.e. wastewater management) and reduce unnecessary expenditure.
12. This has been one of the driving factors behind the Council's current approach to asset management planning. We have moved beyond the concept that asset management is about condition assessment and overlaying a maintenance and renewal profile. The investment the Council has made in recent years has led to the introduction of sophisticated and advanced practices. The focus has been on lifting the quality of our information (data) sets.
13. With improved information we have been able to more accurately assess the condition, demand, capacity and the components of our assets. This has resulted in having greater statistical confidence in the life cycle and associated costs of our infrastructure.
14. The approach has been peer reviewed and has received praise from those in the sector and is seen as a leading example of asset management practice.
15. The improved information practices mean we are able to model-up our existing assets, which helps guide:
- growth into areas where capacity already exists reducing the need for the expense of extending or creating additional network capacity
 - greater use of the existing capacity of our assets
 - greater knowledge (i.e. statistical confidence) about when an asset or component is likely to reach the end of its operating life.
16. The net result of the work is forecast to reduce costs by \$50m over the next ten years (compared to past forecasts).
17. The strategy has been developed with this enhanced information. There is nevertheless further improvements that can be made. The three key steps we will take as part of the plan to improve our practices further include:
- a. The introduction of real time monitoring system on the stormwater network. This aims to measure the performance of the network. By undertaking the flows in real time we will be able to manage the system even more effectively and reduce the contaminants entering the waterways.
 - b. The creation of a hydraulic model of the city. This will allow us to better understand one of the key issues that will impact on the city's infrastructure

toward the end of the current 30 year horizon – climate change. As the sea rises it will impact on the water table. Improved knowledge of the hydrology of the city will be vital prerequisite to inform our planning and adaptation decisions.

- c. Extend the practices to our property and parks and reserves assets. Our asset planning in these spaces are sound. The assets will continue to manage on a fit for purpose basis. They are not specifically covered by the infrastructure strategy.

Next Actions

- 18. The draft 30IS will be consulted on at the same time as the draft 2015-2025 LTP. The draft financials presented in the draft 30IS will be updated prior to consultation. This is to accommodate any decisions the Council may make between the agree and the draft for consultation and any decisions the Council might make in their deliberations on the draft 2015-25 LTPs project and programme budgets that need to be reflected in the draft 20IS.

Attachments

Attachment 1. 30 Year Infrastructure Strategy

Page 57

Author	Haydn Read, Manager Strategic Asset Planning
Authoriser	Anthony Wilson, Chief Asset Officer

SUPPORTING INFORMATION

Consultation and Engagement

The Draft 30IS will be consulted on at the same time as the draft 2015-25 Long Term Plan. Refer to the paper in this agenda.

Treaty of Waitangi considerations

The Council will be consulting with mana whenua as it develops its LTP.

Financial implications

All financial considerations developed for the draft 30IS have been aligned with and included in accordance with the Financial Strategy and the draft 2015/25 Long Term Plan.

Policy and legislative implications

The policy is required by section 101B Local Government Act 2002.

Risks / legal

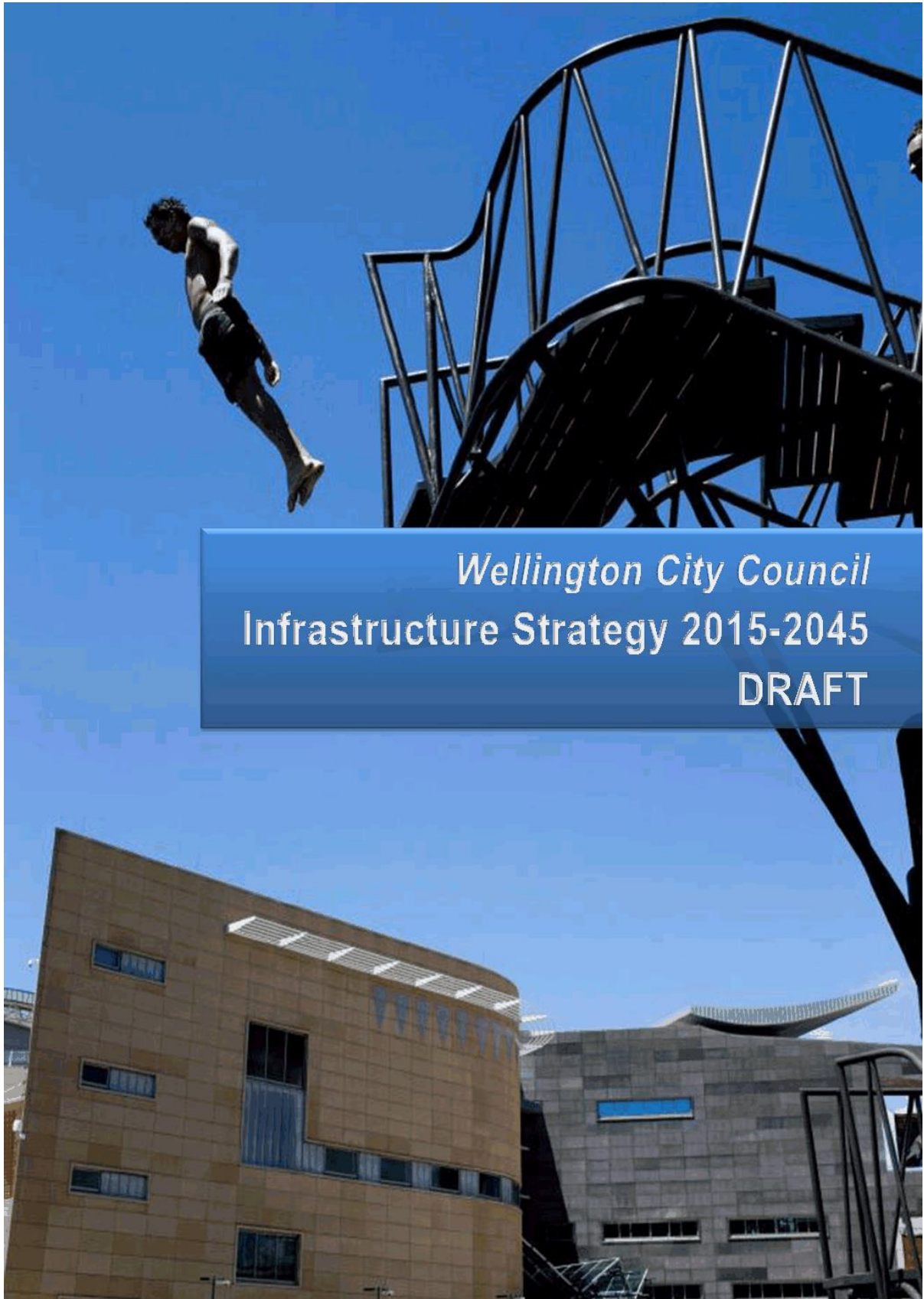
The draft 30 Year Infrastructure Strategy meets the requirements of the sections 101B Local Government Act 2002.

Climate Change impact and considerations

N/A

Communications Plan

See above re Consultation and Engagement.



Wellington City Council
Infrastructure Strategy 2015-2045
DRAFT

Document Map: Infrastructure Strategy

Part 1: Strategy Overview	
Introduction	
Major Issues Influencing Our Strategy	
Overall Approach	
Our Assumptions	
Part 2: Our Infrastructure Networks	
Network Infrastructure:	Transport
	Stormwater
	Water Supply
	Wastewater
Strategy Development & Review	

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2

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.

Strategy Context

Our infrastructure services are a major part of our business; the majority of council services are delivered through assets.

Collectively the city has \$6.5 billion invested in physical assets to deliver its services – 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. This strategy focuses on network infrastructure.

Over the first third of this 30 year infrastructure strategy (30IS), we will also be investing in additional infrastructure to meet 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 city vision through to the 2015 long-term plan and the two foundation strategies, infrastructure and financial, that drives that plan.

Figure 1



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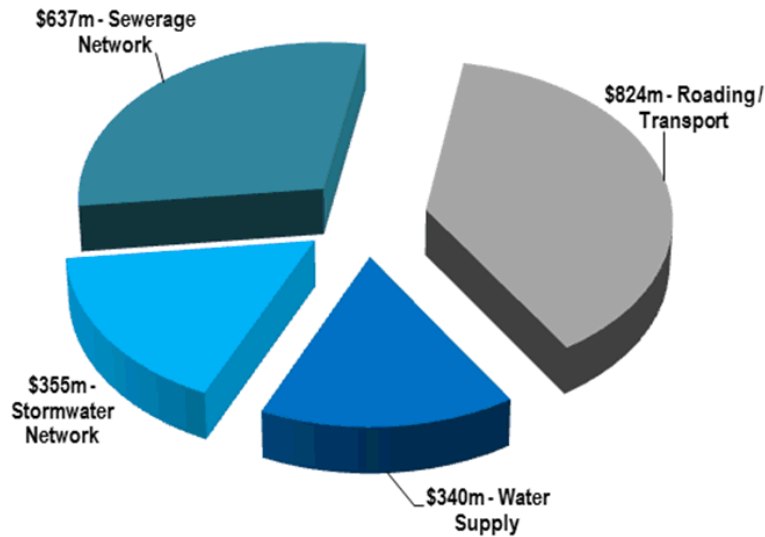
Strategy Scope

Whilst this strategy recognises two groups of assets, network infrastructure and social infrastructure, it focuses on Network Infrastructure. Council also delivers services that are not reliant on assets; similarly these are not covered in this strategy.

Figure 2



Network Infrastructure Net Book Value as at 30 June 2014



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Major Issues Influencing Our Strategy

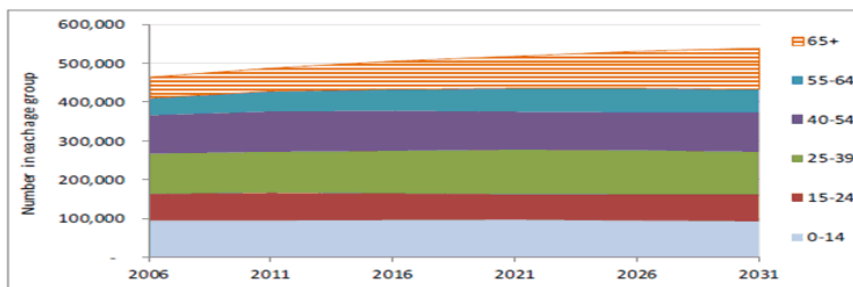
Population Growth & Demographics

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.

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.

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.

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Overall Approach

We will take a principled approach to how we manage our infrastructure portfolio. The following principles will guide our decision-making.

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.

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Our Assumptions

This strategy is based on the following assumptions:

Investment

Investment in civic infrastructure supports the provision of existing levels of service and accommodating population and workforce growth. We have an affordable long-term position of our infrastructure replacement and upgrade programmes which include a funding forecast for infrastructure assets of \$7.2 billion over the next 30 years.

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 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.

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Part 2: Our Infrastructure Services

Network Infrastructure

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. 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).

Growth & Demand

Growth and demand in the transport service is very closely aligned with population and economic growth, which are expected to increase in the future. Demand is also greatly affected by behavioural changes (such as parents using cars to deliver their children to schools). 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-modal 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

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Most Likely Scenario for Service

Continuous investment in multi-modal infrastructure to accommodate growth will see substantial investment over the next 10 years. The level of service in roading and streetscapes will be gradually increase in urban development over the same period. The operations and renewals programmes in place will adequately deliver this level of service sustainably over the medium and 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
- 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

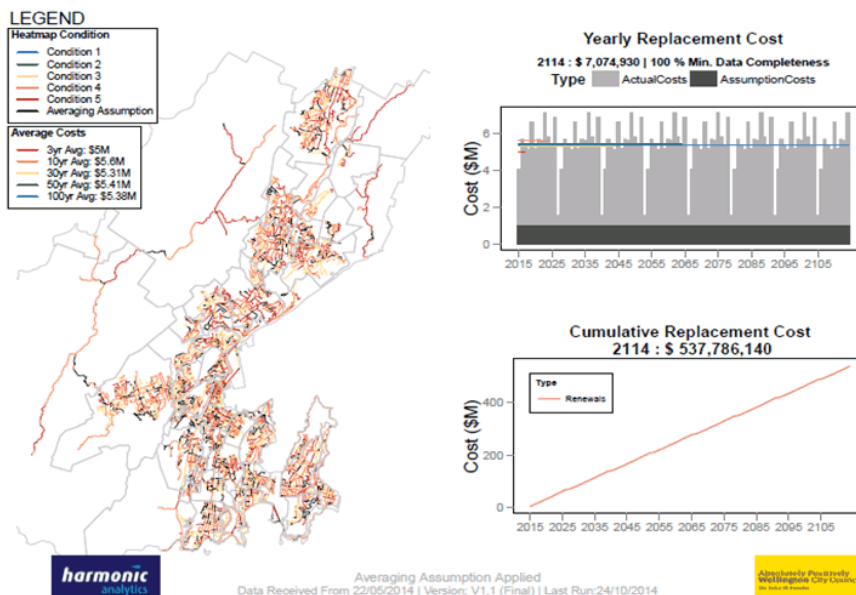
Financial Commentary

The diagrams that follow 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 spending will be on roads, with a relatively high proportion going towards renewals and upgrades.

Infrastructure & Financial Profiles

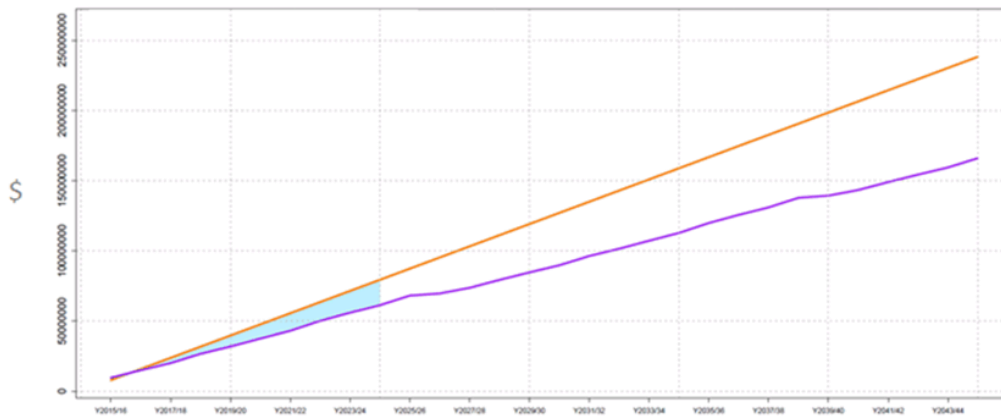
These tables and graphics demonstrate the detail of the information that Council now has at its disposal to interrogate the performance of its infrastructure assets. It also clearly demonstrates the expected future financial commitments expected in each asset class.

RoadSurface Renewal Forecast



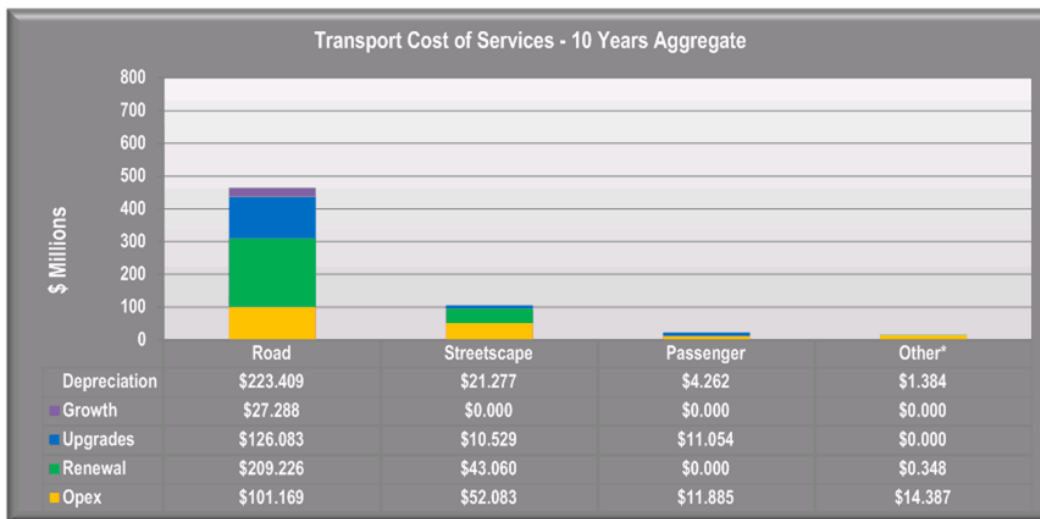
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Forecast Depreciation vs. Capital Expenditure (Renewals)



This graphic demonstrates there is a long-term funding surplus between depreciation expense (income that provides funding for asset renewals) and asset renewals (replacements) for the next 30 years. Put more simply, our combined financial and infrastructure strategies are sustainable.

Scenario / Service Cost



*Depreciation is funding the capital renewals with all figures shown in millions

**Other relate to projects for the WREMO, Rural Fire & Quarry operation.

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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. A flagship Blue-belt project focusing on water quality is one of a number of important initiatives proposed in the 2015-25 LTP.

Stormwater Infrastructure Profile and Level of Service

While our stormwater infrastructure is in generally good condition, our levels of service are not well understood. They do not meet the currently stated policy settings of flood protection to 1 in 50 year severity occurrences; new policy and planning frameworks are required to bridge the gaps in service delivery to the City. 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.

Growth & Demand

Inadequate 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.

Major Issues & Risks

Issue / Risk	Options to address risk
Lack of clarity around levels of service and protection	Define the levels of service and protection the network is to provide
Lack of understanding current network capacity	Develop hydraulic models of the entire network
Affordability of higher levels of service and protection	Targeted improvements in network capacity Use of planning controls and minimum floor levels
Climate change impact on network	Use new hydraulic models to improve understanding of risk and timing
Network resilience to earthquake risk	Continuous network resilience improvements, prioritised on high risk areas

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Most Likely Scenario for Service

The current levels of service and the existing capacity of the networks is not well understood. 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.

Significant Future Decisions

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

- The impact of new National and Regional water quality standards and their funding impacts
- The integration of land use and infrastructure development
- Localised Flood Protection Projects

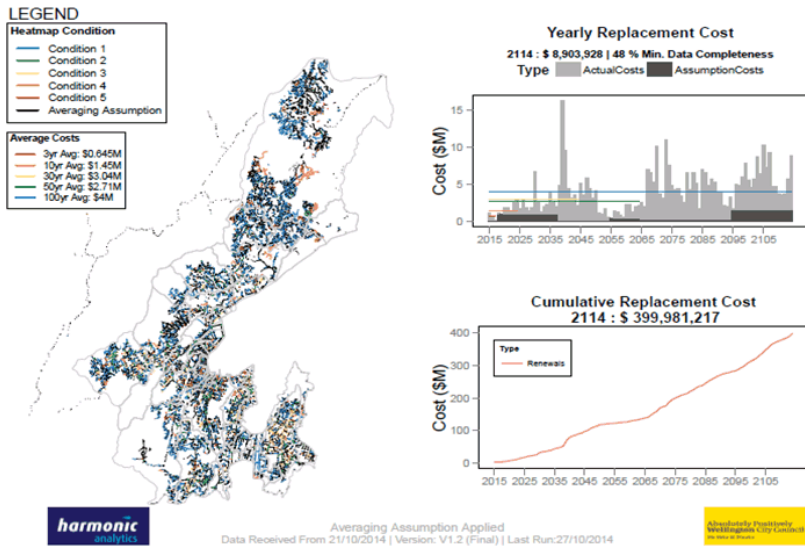
Financial Commentary

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

Infrastructure & Financial Profiles

These tables and graphics demonstrate the detail of the information that Council now has at its disposal to interrogate the performance of its infrastructure assets. It also clearly demonstrates the expected future financial commitments expected in each asset class.

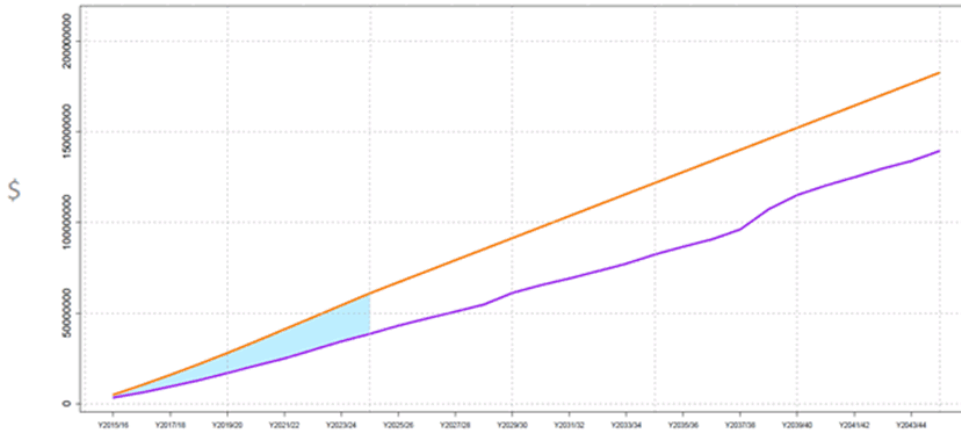
Stormwater Pipes Renewal Forecast



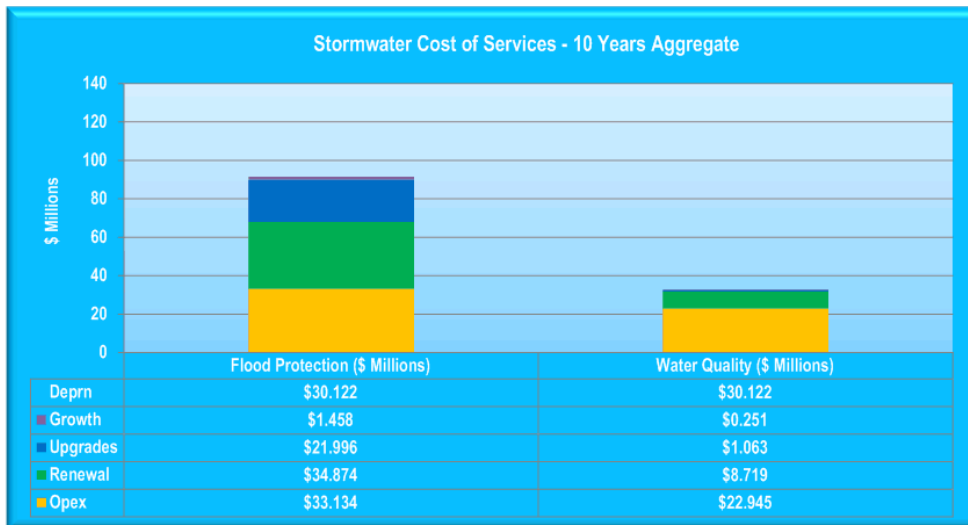
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This graphic demonstrates there is a long-term funding surplus between depreciation expense (income that provides funding for asset renewals) and asset renewals (replacements) for the next 30 years. Put more simply, our combined financial and infrastructure strategies are sustainable.

Forecast Depreciation vs. Capital Expenditure (Renewals)



Scenario / Service Cost



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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 service. As with all our core infrastructure services, we have a large inventory of physical assets require funding commitments for operation, renewal and development.

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

It is forecast a spike in water demand in 10 to 20 years will need to be planned for and managed. Population and commercial growth is generating increased demand and water supplies are now becoming limited and insufficient to meet peak demand. A more detailed evaluation of demand and strategy development to adequately meet this demand is required in the future.

Major Issues & Risks

Issues / Risk	Options to address risk
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
Water consumption is high by international standards	Continued education programmes, coordinated regionally by Wellington Water
Increasing demand from population and economic growth	Continue with water conservation education to free up capacity
Network resilience to earthquake risk	Continue programme of increasing seismic resilience of existing reservoirs and network. Work with Greater Wellington 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

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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.

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
- The integration of land use and infrastructure development

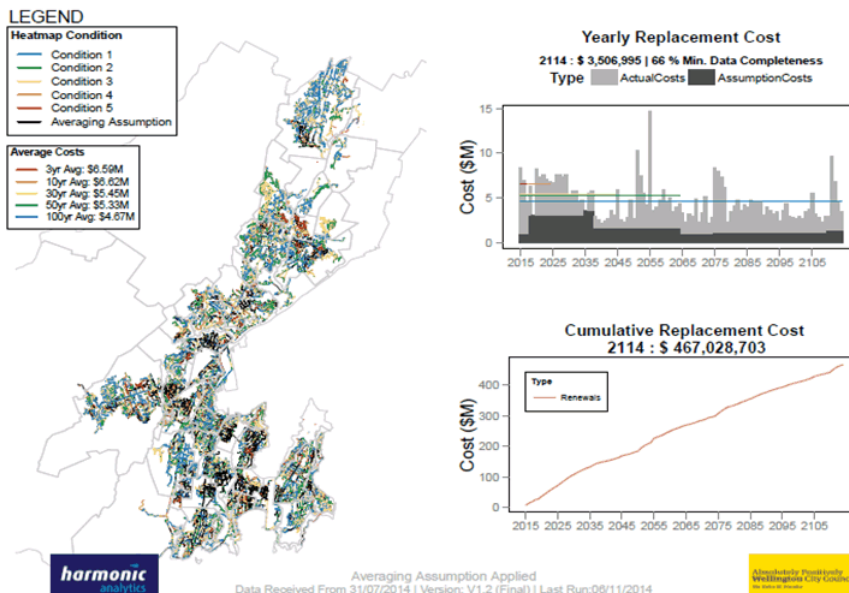
Financial Commentary

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

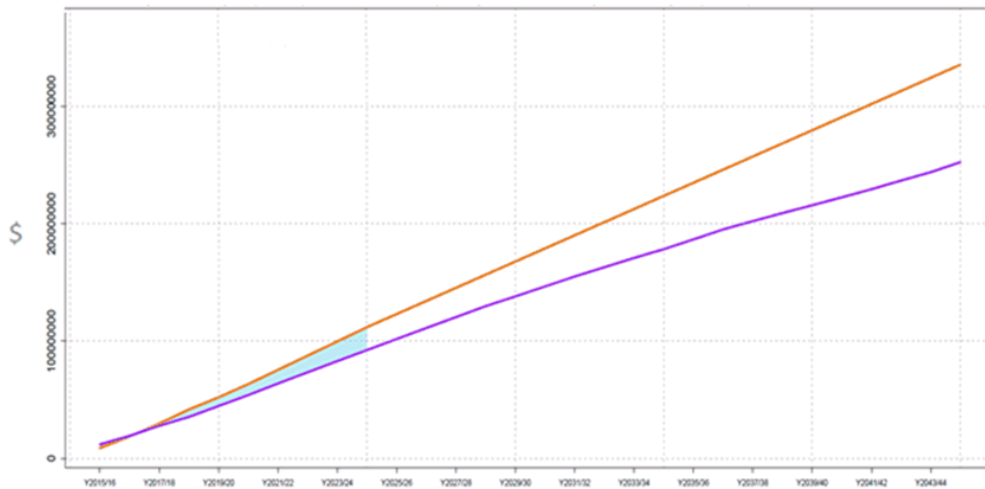
These tables and graphics demonstrate the detail of the information that Council now has at its disposal to interrogate the performance of its infrastructure assets. It also clearly demonstrates the expected future financial commitments expected in each asset class.

Potablewater Pipes Renewal Forecast



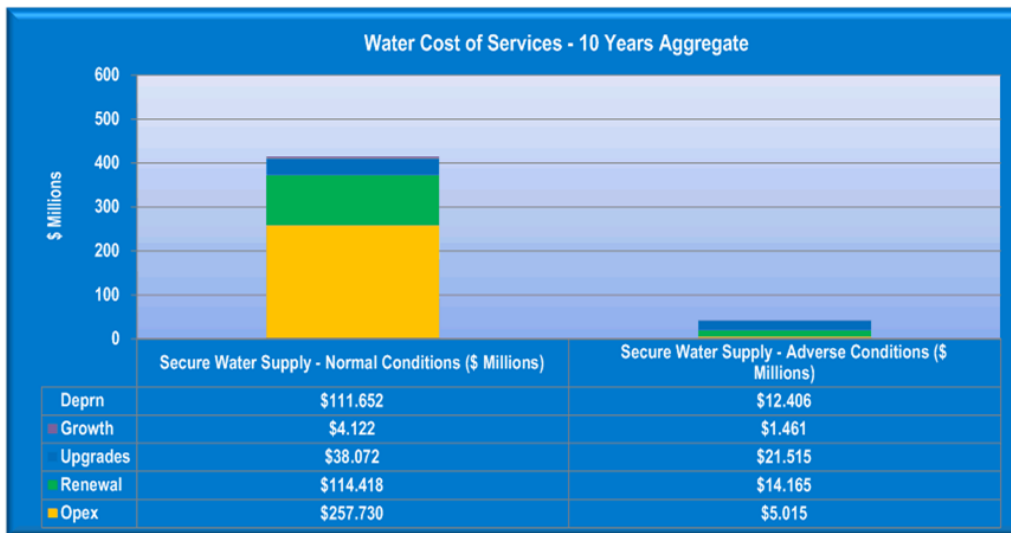
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Forecast Depreciation vs. Capital Expenditure (Renewals)



This graphic demonstrates there is a long-term funding surplus between depreciation expense (income that provides funding for asset renewals) and asset renewals (replacements) for the next 30 years. Put more simply, our combined financial and infrastructure strategies are sustainable.

Scenario / Service Cost



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WASTEWATER

Summary

Our Wastewater service is focused on providing the safe and reliable transport and treatment of wastewater. This incorporates the safe, efficient conveyance of wastewater from households, discharge 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 Level 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.

Growth & Demand

Demand increases are likely to come from Northern parts of the City over the long-term, while renewals requirements will ramp up between 8 and 20 years into the future.

Major Issues & Risks

Issues / Risk	Options to address risk
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
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
Climate change impact on network	Use new hydraulic models to improve understanding of risk and timing
Increasing demand from population and economic growth	Work with Porirua City to increase JV treatment plant capacity to accommodate growth in northern growth areas
Network resilience to earthquake risk	Continuous network resilience improvements, prioritised on high risk areas

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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

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

- The impact of new National and Regional water quality standards and their funding impacts
- The development and maintenance of an increasingly resilient network
- The integration of land use and infrastructure development
- The delivery model it wishes to employ at the end of the current Clearwater Wellington Design/Build/Operate contract in 2020
- Options for reducing the impact of waste activated sludge on solid waste minimisation initiatives

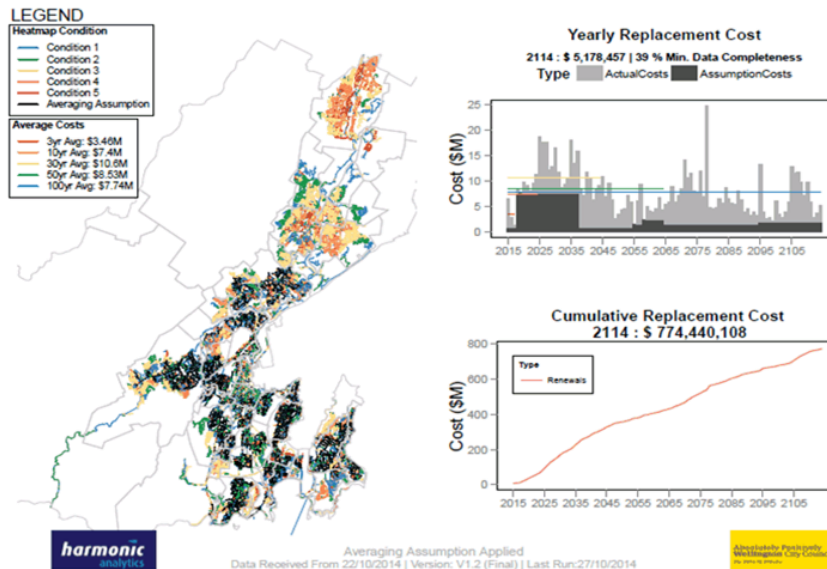
Financial Commentary

The diagrams that follow 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 water; and that spending on wastewater treatment is expected to be operational only.

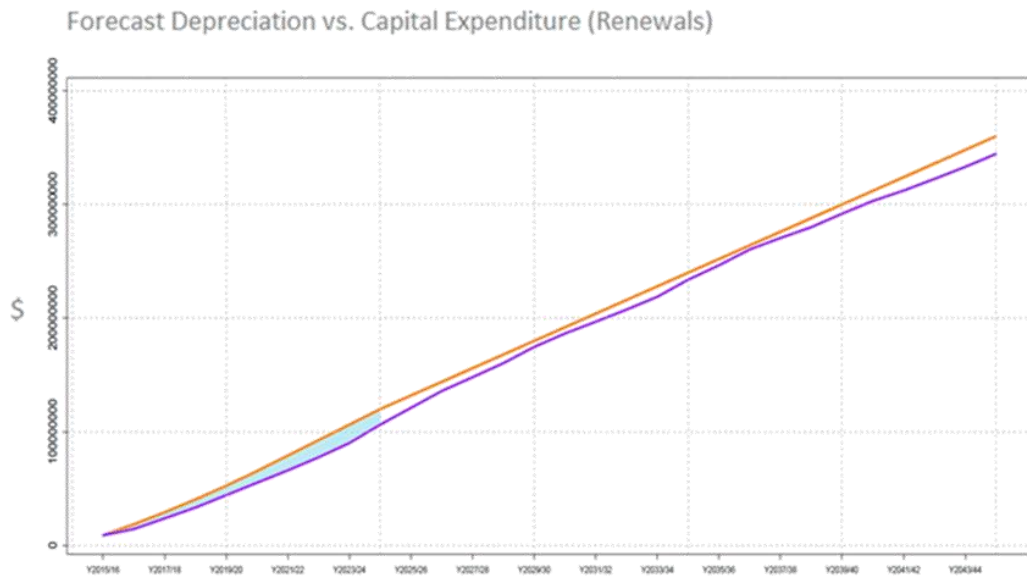
Infrastructure & Financial Profiles

These tables and graphics demonstrate the detail of the information that Council now has at its disposal to interrogate the performance of its infrastructure assets. It also clearly demonstrates the expected future financial commitments expected in each asset class.

Wastewater Pipes Renewal Forecast

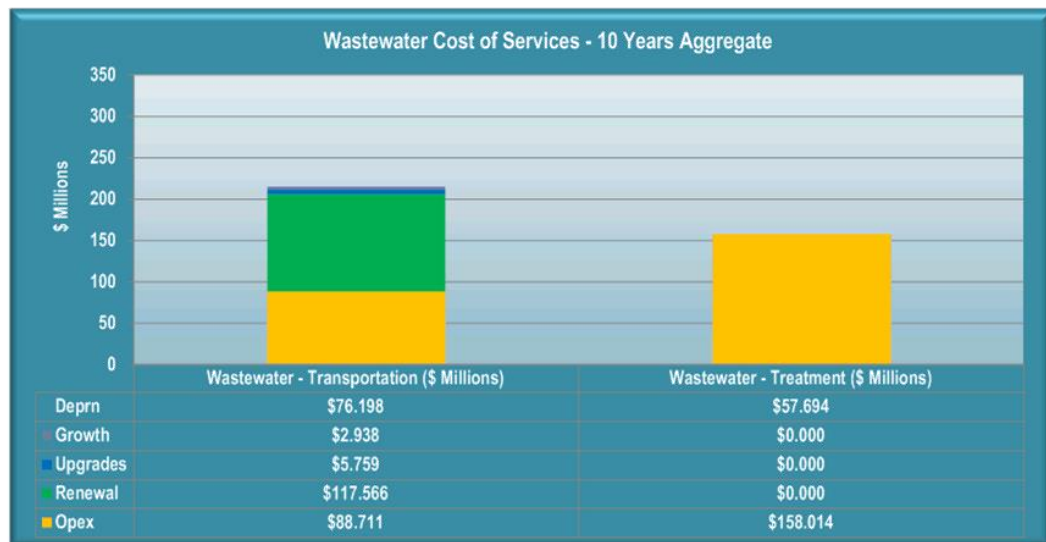


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This graphic demonstrates there is a long-term funding surplus between depreciation expense (income that provides funding for asset renewals) and asset renewals (replacements) for the next 30 years. Put more simply, our combined financial and infrastructure strategies are sustainable.

Scenario / Service Cost



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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

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MAYORAL OVERVIEW: LONG-TERM PLAN 2015-2025

Purpose

1. This report provides the mayoral overview of the draft long-term plan. It sets out the overall approach – a programme that invests in growth – and the key projects that support its implementation.

Recommendations

That the Governance, Finance and Planning Committee:

1. Receive the information.
2. Note the overall approach (to the draft 2015-2025 Long-term Plan as outlined in the Mayoral Overview in attachment 1) to sustain the city's wellbeing and prosperity by 'investing in growth' subject to detailed deliberations in February 2015 that will determine:
 - specific projects and their sequencing over ten years
 - funding policy settings
 - performance measures and targets.

Overview

3. Wellington City Council is required to have a Long-term Plan. Its purpose is to set out the Council's strategic direction, financial parameters and programme for the decade ahead. The mayor is responsible for leading the development of the plan.
4. The Mayor's approach and overview of the plan is attached as attachment 1 to this report.
5. The overview takes a strategic choice: to 'invest in growth' to secure the city's wellbeing and prosperity rather than just a 'business as usual' programme.
6. The proposal will result in a modest increase in rates and debt above that of the business as usual programme but will remain within prudential limits and below the average rates increase for the last 15 years. It will see the Council retain its AA credit rating.
7. Investing in projects that result in economic growth will see an expansion of the rating base. This in turn will see the cost of rates spread amongst a wider pool, lessening the impact of rates increases and providing the opportunity to invest back into services.
8. The plan would see the community benefit from:
 - **Improved connections:** an extended runway and direct connections to Asia / North America; and more transport choices with investment in cycleways, bus priority measures, and reduced bottlenecks with the support of NZTA's investments.
 - **Environmental management:** \$1.8 billion that includes sustained service levels for reserves and open spaces, real time monitoring to lessen the impact of contaminants entering our waterways, creation of a hydraulic model of the city to guide our future decisions in relation to planning rules and adaptation steps to climate change, and funding towards an Ocean Exploration Centre to add to the

city's nature based attractions. The successful Smart Energy initiative also continues.

- A **social and recreation programme** that builds on significant investments in recent years. A new library will be built in Johnsonville to support growth in the northern area, the next phase in our upgrade of 2,300 social housing units will be completed, a hockey turf will be added at the National Stadium and a refresh of the Basin Reserve undertaken, free access to libraries and subsidised entry to our extensive network recreational facilities will be continued, as will our community grants, safety and resilience programmes.
- **Economic and cultural initiatives:** the proposal makes provision for projects such as a tech hub, international film museum, performance arena, strengthening of the Town Hall and Civic campus, a commitment to the NZ Arts Festival to develop 'off-year' events, an extension to the Museum of City to Sea, events and celebrations to attract visitors and support retailers and others. We will also continue our support for tourism and business attraction campaigns through WREDA.
- A sense of place: the proposal includes major **urban regeneration** initiatives that aim to stimulate the supply of housing and provide more choice, while maintaining the city's compact form lessening the impact on emissions that arise from sprawl. It also introduces an urban activation programme that would see small scale pop-up events occurring across the city, an expansion of the heritage grants to \$1million over the first three years to support strengthening works, and an upgrade of Frank Kitts Park including a Chinese Garden and revamped playground.

9. By investing in the right projects – those that generate economic returns as well as other benefits – this extensive programme will be delivered with lower average rates increases across the 10 years than the average over the past 15 years

Background

10. The proposal outlined in the mayoral overview is provisional. The funding policy, performance measures and sequencing of the projects will be presented in February. That will also provide the opportunity for amendments to the proposal to be made should there be any.
11. Once the draft plan is agreed, it will be consulted on using a core consultation document that will be agreed by Council. The draft plan will consist of a number of components:
- Financial Strategy: see the report on this agenda
 - Infrastructure Strategy: see the report on this agenda
 - Significant Forecasting Assumptions: see the report on this agenda
 - Significance and Engagement Policy: adopted on 5 November 2014
 - A performance measurement framework for activities: to be considered in February
 - A revenue and financing policy that guides the funding splits for activities: to be considered in February

- Prospective financial statements: to be completed to reflect final decisions
- Ancillary matters such as, the Waterfront Development Plan, a fees and charges schedule: to be provided in February.
- An audit report: to be presented at Council at the time of adopting the draft.

Action

12. Wellington is at a pivotal moment. Cities around the world are competing for resources: jobs, tourism dollars, investment and people. This draft long term plan provides the platform for the Council to show leadership. A business as usual approach would see the city fall behind others. A programme that invests in growth is recommended to propel the city forward.
13. This will show confidence in Wellington's future.

Attachments

Attachment 1. LTP Mayoral Overview

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Author	Mayor Celia Wade-Brown
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Mayoral Overview

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

**He pai te tirohanga ki nga mahara mo nga raa pahemo engari ka puta te
maaramatanga i runga i te titiro whakamua.**

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

It's true you can't live here by chance,
you have to do and be, not simply watch
or even describe. This is the city of action,
the world headquarters of the verb - - Lauris Edmond

This is a bold plan – one that lives up to Lauris Edmond's view of Wellington. It's a plan that builds on our strengths as a city: our stunning natural environment and quirky built heritage, our welcoming attitudes, our creativity and business savvy, our delight in those that are successful, and support for our most vulnerable citizens.

This is an ambitious plan. It doesn't waste rhetoric on trade-offs or service cuts. We are *not* here to manage decline. This plan invests in growth. It invests in our communities' ongoing prosperity.

Wellington sits at the edge of the world. We're the southern-most capital. The world starts *here*.

We *are* the place of the possible.

This plan reflects that fact – it sets out actions to shape the future of our city.

It's a plan for all Wellingtonians.

Celia Wade-Brown
Mayor of Wellington

This is Wellington's plan for sustainable growth.

It offers a simple choice.

Do we invest now to unlock Wellington's economic potential? Or do we continue along a 'business as usual' path, in which other cities grow faster and attract more people than Wellington does?

Do we commit fully to transforming our economy – making it smarter, more sustainable, and more creative? Or do we wait and hope?

Do we choose a future in which Wellington offers jobs and business opportunities that match its amazing environment and extraordinary quality of life? Or do we rely on government jobs, and leave the economy to others?

This long-term plan asks Wellingtonians to make that choice.

It sets out a 'business as usual' programme in which core Council services are maintained in line with current levels.

Under that programme, Wellington will continue to be a great place to live – but centre stage will elsewhere.

The better option is to 'invest for growth'. For a small and manageable increase in debts and rates, the Council will support new initiatives to unlock the city's growth potential.

Imagine Wellington with an international film museum, an indoor music arena, an extended airport runway able to bring in more visitors, students and business opportunities from Asia and North America.

Imagine the jobs that could be created by a convention centre, a tech hub, and a screen industry enterprise zone.

Imagine Adelaide Road and other parts of the inner city transformed into vibrant, mixed use areas with shops, offices, cafes and apartments.

The up-front investment is modest. The long-term benefit is potentially huge. We have the opportunity to make a difference.

Business as usual? Or invest for growth?

The choice is clear.

89%

Percentage of Wellington residents who rated their quality of life as 'good' or 'extremely good' in a February 2014 survey. This compares with 80% for both Auckland and Christchurch.

In national and international 'quality of life' surveys, Wellington consistently rates at or near the top.

In the 2014 Mercer International Quality of Living Survey, Wellington ranked 12th out of more than 200 cities globally.

58

Gigajoules of electricity used per person annually in Wellington. This compares with 81 gigajoules for an average European city and 228 gigajoules for an average Australasian city.

By any standard, Wellington is a low emission city. It is compact, its people are New Zealand's highest users of public transport, and it has significant areas of bush which offset carbon emissions.

But the main reason Wellington's carbon emissions are low is that its electricity comes from renewable sources: two wind farms west of the city together produce enough electricity for more than all the residential homes in the city.

In a 2012 survey of the environmental performance of Australasian cities, Wellington was a top performer in greenhouse gas emissions, energy consumption, waste reduction and recycling, and air quality.

1st place

In a 2014 survey of six NZ cities, Wellington residents were much more likely than residents of other cities to:

- say they were happy
- say they were healthy
- say they were satisfied with their lives
- rate their overall quality of life as good or very good
- be in paid employment
- be satisfied with their work-life balance
- use public transport
- feel safe in their city and neighbourhood
- value cultural diversity
- perceive their city and local area as great places to live
- be proud of the look and feel of their city and local area
- be positive about their city's urban design, including the quality of buildings and public spaces.
- perceive their natural environment as beautiful
- say they had easy access to a local park or other green space.

19%

Wellington city GDP growth –10 years to March 2014. This compared with 23% for Auckland, 27% for Tauranga, and 20.4% nationally.

Other New Zealand cities are also experiencing faster population growth, faster job growth, and faster retail and business growth than Wellington.

Although Wellington's economy hasn't reached its potential, the city does have huge strengths.

We are one of New Zealand's fastest growing tourism destinations.

We have competitive advantage in 'smart' industries such as screen production, science, education, and ICT.

We are New Zealand's most highly educated population.

Our culture values knowledge, creativity and new thinking.

Our city is compact – which makes it easy for people to get together and collaborate.

We are the Capital – and can connect with the diplomatic community, our public sector, and expertise from national institutions such as Te Papa, NIWA, GNS, the NZSO, NZ Ballet and more.

All of these factors will be increasingly important in the smart, clean economy of the future.

5

Number of Wellington tech companies in the TIN100 'EY Ten Companies to Watch' list 2013 – based on the 10 New Zealand tech companies with highest annual dollar value growth.

14

Number of Wellington companies in the Deloitte Technology Fast 500 Asia Pacific index 2014 – which ranks the 500 fastest-growing tech companies in the region. Auckland had 24 companies on the list, the Central North Island had 8 and Canterbury had 5.

A stronger economy means jobs, prosperity, and more opportunities for all Wellington residents.

Economic growth isn't only about business profits – though they are important. It is about providing opportunities for everybody.

Though Wellington offers outstanding quality of life, its economy has considerable untapped potential. Growing the city's economy is about:

- Making all residents more prosperous, so they can reach their potential and live enjoyable and fulfilling lives.
- Providing a wider range of opportunities – so residents have a choice of jobs, or creative or business opportunities – so they earn a living doing something they are passionate about.
- Making the city more vibrant – providing more entertainment and leisure opportunities, and a wider range of attractions.
- Improving Wellington's connections to the rest of the world – for the sake of business, tourism, education, and individual enjoyment.
- Releasing capital to invest in higher quality of life for all and a stronger environment.
- Increasing the city's value. After all, a bigger rating base means the costs of rates are spread across more people, making them more affordable.

Our plan focuses on core services, with an additional fund to sustain growth.

In the last 10 years, the Council has invested in capital works, and funded billions on its services for the community.

While the key spending priority has been infrastructure, there have been big increases in spending on community sport and recreation facilities, on tourism promotion, and on events.

In coming years, we will continue to focus on strong, resilient infrastructure; and we aim to maintain services in line with current levels.

We also propose to invest for economic growth – by establishing a programme of major projects and working in partnership with the private sector, the government and others in the region.

By focusing investment in this way, we can achieve real transformation of Wellington's economy, creating opportunities for future investment in quality of life.

Core services

Our plan aims to maintain and improve existing core services such as water supply, drainage, waste, parks and gardens, libraries, pools, sports fields recreation and centres, streets, social housing and so on.

One important area of focus will be on making infrastructure more resilient – better able to cope with environmental shocks such as earthquakes and climate change.

We'll continue to work to end homelessness and to include the most vulnerable citizens in city life.

We will keep working with others to make the city's transport system more efficient – by prioritising public transport, investing in new cycleways and walkways, and reducing bottlenecks on the road network.

We will continue to focus on reducing resource use, waste and pollution.

We will maintain existing levels of service for pools, recreation centres, sportsfields libraries and other Council-funded facilities. Our focus will be on accommodating demand within existing facilities. We want to make use of the capacity in the community facilities we have already invested before we face the expense of adding more.

Invest for growth

The proposal provides capacity for us to invest with others in a range of initiatives to stimulate economic growth in the city:

- A 300 metre extension to the Wellington International Airport runway, bringing extra visitors students and economic benefits.
- A new international film museum, to showcase talent and attract and encourage visitors to stay in the city for longer.
- A tech hub, supporting ICT start-ups to get established, collaborate with other businesses, and become successful exporters.
- Exploring a screen industry precinct, supporting the city's screen sector to create more film & TV productions.
- A large scale performance arena to fill a gap in our current offering and draw in more large concerts and more visitors.

In addition we aim to stimulate economic growth through:

- An urban development agency, to support the creation of vibrant, mixed use inner city neighbourhoods.
- Major urban regeneration projects to stimulate the supply of housing. The northern part of Adelaide Rd and the blocks along Kent and Cambridge Tce in Te Aro are priorities.
- An expansion of our arts and events programme including the New Zealand Festival.
- A contribution to the WW1 commemorative exhibition and capital provision for a permanent museum.

Expansions and smart projects

The *invest to grow* programme also has provision for a number of discretionary projects:

- Expansion of the City to Sea Museum adding to its appeal as one of the Top 50 museums in the world.
- Upgrade of Frank Kitts park with the inclusion of Chinese Garden and renewed playground.
- Funding for the creation of Ocean Exploration Centre on the south coast subject to matching funding from third parties.
- An urban activation fund that will see pop-up events making use of the existing open spaces around the city.
- A brand new library in Johnsonville to serve the growing northern area.
- A hydraulic model of the city to guide our planning and future investment decisions around climate change adaptation.
- A real time stormwater modelling system to improve the performance of the network and quality of our waterways.
- A new hockey turf at the National Stadium and rejuvenation of the Basin Reserve.
- Uptake of new LED lights to lower energy use and costs of lights and signals.
- A \$1m annual heritage building strengthening fund for three years.
- Provision for a living wage-rate for the Zoo and Museums trust.
- A development scheme to strengthen the Town Hall and Civic Square and create a prime NZ music hub.
- Te Motu Kairangi Heritage Park.

Item 2.3 Attachment 1

Business as usual	Activity	Objectives	Spending on capital works					\$ million Operational Spending	
			Total 2015/16-2025/26	Current 2014/15	2015/16	2025/26	Total 2015/16-2025/26		
Environment	Water, wastewater & stormwater; waste management; urban agriculture, gardens and reserves management; Zealandia & Wellington Zoo.	-Security of supply -Waste reduction -Access to green open spaces -Biodiversity	\$517.5	\$133.5	\$133.5	\$194.0	\$1,124		
Social & recreation	Social housing; libraries; community centres/halls; sport & recreation facilities, community grants and access subsidies; public health & safety.	-Social cohesion -Participation in city life -Greater use of existing facilities -Safety (and child friendly)	\$297.2	\$30.8	\$44.2	\$84.8	\$688.5		
Transport	Streets & roads; cycleways & walkways; bus priority lanes; road safety; parking; network planning & control.	-Increased active mode share -Road safety -Reliable transport routes -Reduced emissions	\$635.4	\$25.0	\$26.1	\$48.1	\$483.1		
Urban development	Development of waterfront & public spaces; urban planning; heritage; building & development control (including consents); managing earthquake-prone buildings	-Smart growth / urban containment -Resilience -Character protection	\$266.7	\$19.3	\$21.7	\$27.5	\$65.5		
Economic development	Tourism & city promotion; events; venues; regional & external relations; grants fund.	-Tourism spend -Investment attraction / digital exports -City vibrancy	\$16.9	\$23.8	\$23.5	\$43.4	\$X294.8		
Cultural and arts	Galleries & museums; festivals; grants; arts partnerships; community arts; cultural attractions (Te Papa & Carter Observatory)	-Sense of place and identity -Diversity and openness -Visitation -Exposure to creativity and innovation	\$65.6	\$17.2	\$28.2	\$19.4	\$170.9		
Governance	Local elections; informing & engaging with residents; managing service requests; research, relationships with mana whenua; City Archives.	-Democratic decision-making -Open access to information -Recognition of Maori	\$0.4	\$14.4	\$15.9	\$19.3	\$64.1		

Invest for growth projects	Airport runway extension, urban regeneration projects, convention centre, international film museum, indoor arena, tech hub, commemorative exhibition, expanded arts/events offering, efficient transportation – bus priorities, cycleways and working with NZTA on RONS in the city, Town Hall / Civic Square rejuvenation.	<ul style="list-style-type: none"> -Growing the economy -Growing the value of the city -Generating returns on investment -Accommodating growth and stimulating housing supply -Stimulating growth in tech and creative sectors -Providing real transport choices 	\$350					
Upgrades, expansions and smart projects	Ocean Exploration Centre, expansion of the City to Sea Museum, upgrade of Frank Kitts Park including playground and Chinese Garden, urban activation fund, a new Hockey turf, a new Johnsonville Library, a hydraulic model to guide investment decisions around climate change, a real time stormwater monitoring system, LED light transfers, expanded retail support with Xmas and New Year celebrations.	<ul style="list-style-type: none"> -Improved amenity -Better knowledge. 	\$29					
Savings	The proposal has been developed with a number of savings compared to past projections being included. These include the results of increased efficiency, lower IT costs, procurement practices and improved asset management practices.							

The overall invest to grow programme delivers the major growth projects and business as usual and the discretionary projects with only a modest increase in rates and debt.

The Council's strong financial position means we can afford to invest in growth.

Wellington City Council has an AA credit rating – the same as the New Zealand Government.

We have far less debt than most local authorities. All up, our debt levels are less than 100% of our annual income; that's the equivalent of a household earning \$50,000 a year having a mortgage of less than \$50,000.

Our strong financial position means we can afford to invest in projects that will support economic growth. In the short term, this will require modest increases in debt and rates. In the long term, rates increases should become lower due to growth in business activity, business numbers, and overall population.

If we keep going as we are...	If we invest for growth
<p>3.1% The rates take will rise by 3.1% on average annually over the next 10 years. And by 4.1% annually, on average, over the next 3 years.</p>	<p>3.9% The rates take will rise by 3.9% on average annually over the next 10 years. And by 4.5% annually, on average, over the next 3 years</p>
<p>150% 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.</p>	<p>175% Council debt will be capped at a maximum of 175% of annual income – the same as a household earning \$50,000 a year having a mortgage of \$87,500.</p>
<p>The price of labour, materials and general inflation all mean that providing 'business as usual' will cost more year on year. Adding nothing new to the city's offering would see us fall behind other places. We would in effect be funding our decline.</p>	<p>The alternative is to continue current services <i>and</i> support a small increase in rates and debt, in order to fund the major new projects that bring and economic return. These in turn grow the value of the city – meaning the costs of rates are spread across a wider pool – getting more at affordable levels.</p>

We've sharpened our financial approach

We've created headroom to allow us to deliver the programme within prudential limits. The key steps to ensure a sustainable financial approach include:

- an average 1% above inflation increase in rates over 10 years (c.\$175 million)
- lifting our borrowing limits – a target of 150% and maximum 175% of annual income (c.\$200 million)
- improved asset management practices and associated cost decreases (c.\$50 million)
- annual target of 1% savings from shared services and efficiencies (c.\$50 million)
- growth in the rates base – average increase of 1.2% a year (c.\$200 million).

We'll also aim to work with the Government on options to further capture the uplift that our investments have on the wider economy. This could include earn back arrangements where a portion of the increased taxation generated by growth are redirected back into city projects.

This overall financial approach provides the basis on which we can develop our programme and aim to leverage government and private sector investment to support their delivery.

A growing economy means more businesses and more rates, which allows us to reinvest in the things that make Wellington great and different. Every year the business community contributes about \$30 million to community services. By nurturing the business rate base, we can in turn invest more the city's social, recreational, cultural and environmental amenities. This is crucial because the Council's ability to afford the services it provides – or wants to provide – is a constant challenge.

Wellington's economy has been flat for the last six years. We have been prudent in recent years and are now in a strong financial position. The time is right to invest in game-changing projects – as the city did in the 1990s with Te Papa, the waterfront and the stadium – to grow the economy.

Did you know...

6 dollars

Wellington City Council's total spending will amount to just over \$450 million a year in 2014/15. That's about \$6 per resident per day, which is less than the combined cost of a loaf of bread and a 2l bottle of milk. For your \$6 a day, you get water, drainage, waste disposal & recycling, transport, parks & gardens, libraries, pools, and much more.

55%

Rates provide just over half of the Council's income. Just under 30% comes from operating activities. This includes user charges, development contributions, transport subsidies and grants. We also receive income from investments.

21%

Commercial ratepayers own 21% of Wellington's property (measured according to dollar value) but pay 46% of the rates. If this difference was evened out, homeowners would pay about \$30 million more every year. This ratio (the rates differential) has been reduced in recent years and it is not proposed to be changed as part of this plan.



"The city is humanity's laboratory, where people flock to dream, create, build, and rebuild." – Edward L. Glaeser

More people today, than at any other time in history have a choice about where they live.

That's why we need to invest.

Cities are in competition to secure a share of those choices: to attract people, jobs, trade and investment. Without investment, cities and towns *do* decline.

Successful cities recognise that:

- **Connections matter:** that's why we're proposing new infrastructure for air connections and mode choices.
- **The environment matters:** that's why the plan includes over \$1.8 billion on access to green spaces and nature attractions, biodiversity, management of water and wastewater, our award winning smart energy initiatives, and better information to guide our adaption to climate change.
- **People and social cohesion matter:** that's why we're moving to the next phase our upgrade of 2,300 social housing units, building a new library in Johnsonville, continuing to provide free and subsidised entry to our extensive network of libraries, swimming pools, and recreational facilities, as will offering our community grants , safety and resilience programmes.
- **Economic prosperity matters:** that's why the plan is focussed on growth and why we are investing in the tech and creative sectors.
- **A sense of place matters:** that's why the proposal is to increase funding in the arts and museums. And that's why we're investing in urban regeneration initiatives to stimulate housing supply and choice and vibrant mixed use in inner city neighbourhoods. We've also extended our grants for heritage strengthening so that they can be appreciated by future generations.
- **Partnerships matter:** that's why we'll be taking a fresh approach to our relationship with government. We'll develop the Wellington Deal. A prospectus, drawing on many of the major projects noted in this plan. It will take a city-region based approach to economic development. The aim is to build certainty in a coherent investment plan for local and central government and private investors.

This plan aims to ensure Wellington is competitive on all of these fronts. It builds towards the city's goal of a *Smart Capital*¹. The plan adds to the city so that people can choose this as here place to be.

¹ See Wellington Towards 2040: Smart Capital for a full outline of the Council's outcomes.

Things can change in ten years. We'll adapt to make sure the plan is successful.

Our decisions will be open to scrutiny.

The projects outlined in the long term plan are at different stages of development. Our 'business as usual' programmes are well established and, while we have no plans to change the level of service, we'll monitor and report on their effectiveness on an annual basis.

The proposed growth projects will be subject to business case development. The aim is to deliver them but other projects may emerge that provide even better returns or conditions beyond our control may make them less viable.

Before we commit the funds we'll give consideration to things like: the economic returns to the city; spill effects and the extent to which the project stimulates growth in other parts of the economy; partner's support; achievability; and the management of negative effects and risks.

Success will mean...

GDP growth **above** historical averages.

Faster population growth.

Value **uplift** in the city.

More business activity and jobs. **more**

Sustained high quality of life rankings.

Lower emissions.

Partnership **funding** secured.

Kāhore taku toa i te toa takitahi, he toa takitini

We cannot succeed without the support of those around us.

CONSULTATION AND ENGAGEMENT PLAN AND PROCESS FOR THE 2015-2025 LONG-TERM PLAN

Purpose

1. This report seeks approval to the consultation approach to the Long-term Plan (LTP) and outlines the next steps in its preparation.

Summary

2. The engagement plan aims to:
 - Provide an opportunity for stakeholders and community to give feedback on proposed key issues in the plan.
 - Increased confidence in Wellington's future.
 - Improve public awareness and understanding of the objectives in the plan.
 - Stimulate input so elected members have better insight into the views of ratepayers and residents.

Recommendations

That the Governance, Finance and Planning Committee:

1. Receive the information.
2. Agree the key proposed Long-term Plan consultation activities.
3. Agree that the formal consultation period starts on 13 March and closes on 17 April 2015 with hearings scheduled from 5-8 May 2015.
4. Agree to the format of oral hearings as set out in option1.
5. Note that any initiatives/budgetary bids must be lodged with the Mayor by 10 January 2015 to ensure they can be assessed before decisions are made on the draft Long-term Plan at the deliberations.

Background

- 4 The principles of consultation in the LGA 2002 include that Council must provide reasonable access to information, explain the purpose of the consultation and scope of the decisions to be taken, should encourage and invite any person to present their views to the local authority, should provide persons with a reasonable opportunity to present their views, and that these views will be received by the local authority with an open mind.
- 5 Recent changes to legislation aim to ensure consultation on LTPs engage their communities. The legislation has removed the prescriptive steps that were previously required. The aim is for material to be digestible. This gives Council greater flexibility and scope in its interactions with the public. It ensures that the consultation is focussed at the strategic level – decisions that guide the direction of the city (rather than on incremental decisions). The aim is for material to be digestible.
- 6 In light of the changes, the Council is committed to designing and delivering an accessible and engaging process. The aim is to have a wide range of channels and to reach new audiences.

- 7 The changes also provide flexibility in the approach to hearings. Instead of formal hearings, people can now give their views to the Council in interactive workshops, panels and forum style hearings. (The options for hearings are noted below.)
- 8 The legalisation still requires a specific period to be set for the formal Special Consultative Process. It is recommended that this run between 13 March to 17 April, followed by hearings. This will include consultation on specific topics that may also trigger the Special Consultative Procedure such as the Civic Campus initiative that supports the strengthening of the Town Hall.

Discussion

- 9 The proposed key activities for the engagement are:

An LTP Launch

After the adoption of the content of the draft LTP and Consultation Document on 25 February 2015 by Council, the Mayor will publicly launch it at a media and business function. All major stakeholders and special interest groups will be invited to the event. The aim of the launch is to raise awareness of the ambitious plan for the Wellington.

Digital Approach

10. This entails a new and fresh approach to broaden our digital presence. Digital tools will be used to make the LTP more compelling and interactive to our audiences and will be presented in the form of a dedicated space that will be used throughout the engagement phase. This will offer different levels of interactive engagement, ranging from drag and drop questionnaires, discussion board, video posts, and the more formal consultation and submission process.

Survey

11. Council will also run a survey focusing on the key LTP issues and gauging the community's views regarding rates in general. The matrix of this survey will be based on sound methodological practices and valid statistical parameters.

Ward forums

12. Ward forums will provide the opportunity for local residents to enter into conversations with councillors on matters of interest to them. The other aim of the ward forums is to increase Council's profile in the local wards, promote interaction and present Council's key messages and projects of the LTP at local level. Council will work closely with the Tawa and Makara Ohariu Community Boards to attract local residents to the Northern and Western ward fora.

Business and special interest forums

13. These forums will target specific audiences and be grouped loosely around the committee subject areas:
 - economy and arts
 - the environment
 - community and sports
 - urban development and transportation (with focus on the Urban Growth Plan)
14. Participant lists will be finalised closer to the time. The aim is to ensure that interested parties have the opportunity to participate. This includes major stakeholders such as the Chamber of Commerce, Property Council, Green Building Council and other business associations, Mana Whenua, other Māori and Advisory Groups, youth

including the Wellington secondary school groups, and stakeholder with generational equity in the city such as the tertiary sector.

Hearing process

15. Historically, Council has always held oral hearings because the LGA 2002 required that councils give persons making a submission an opportunity to be heard. Past experience shows that between 80 and 120 submitters want to speak to their submissions on an LTP (or Annual Plan) and that Council spends three full hearing days, hearing these individuals or groups, who are all allocated between five and ten minutes to appear before a Committee of the whole.
16. One of the amendments to the Act this year was to make the Special Consultative Procedure more flexible to enable each council to determine the mechanisms for directly hearing the views of people who have made submissions.
17. The Act now requires Council to provide an opportunity for persons to present their views to the local authority in a *manner* that allows *spoken interaction* between the person and the local authority, to ensure that any person who wish to present his or her views to the local authority is given a reasonable opportunity and is informed about how and when he or she may take up that opportunity.
18. Given this change officers propose two options to consider for hearing the views of submitters.

Option 1 Hearing Panels

19. Establish two hearing panels, each with a rolling chairperson and 3 Councillors. These hearing panels will hear the views of submitters on an interactive basis, in a less formal environment. Meeting standards will apply. Two or more hearing panels can run concurrently to host these discussions, thereby increasing the allotted timeslots from the traditional five minutes for individual and ten minutes for groups to 10 minutes for individuals and 20 minutes for groups.

- **Advantages:**

- Hearings can be more informal and interactive
- These interactions will be treated as submissions
- Hearings will offer submitters more flexibility by being held during the day and as well as the evening
- Quality of engagement is improved.

- **Disadvantages:**

- Not all councillors may hear all submitters (though the panels would not run concurrently as it is important that all councillors have the opportunity to hear all submissions)
- Submitters might feel disenfranchised by not being heard by all councillors

Option 2 Oral hearings

20. Retain Council's traditional format of oral hearings where submitters are allocated a timeslot and Councillors ask questions for clarification.

- **Advantages:**

- Submitters are familiar with this format
- All councillors will hear submitters

- Submitters will feel they have engaged with all councillors
- **Disadvantages:**
 - This option is prescriptive and formal
 - There is a restriction on speaking times
 - Quorum issues arise when not all councillors are present
 - It is time consuming as three days are set aside for hearings
 - Previous submitters complained of lack of engagement

Feedback

21. The community will have a chance to make submissions online, through email, by letter or through a paper copy Feedback Form, which will be attached to the Consultation Document.

Consultation materials and promotion

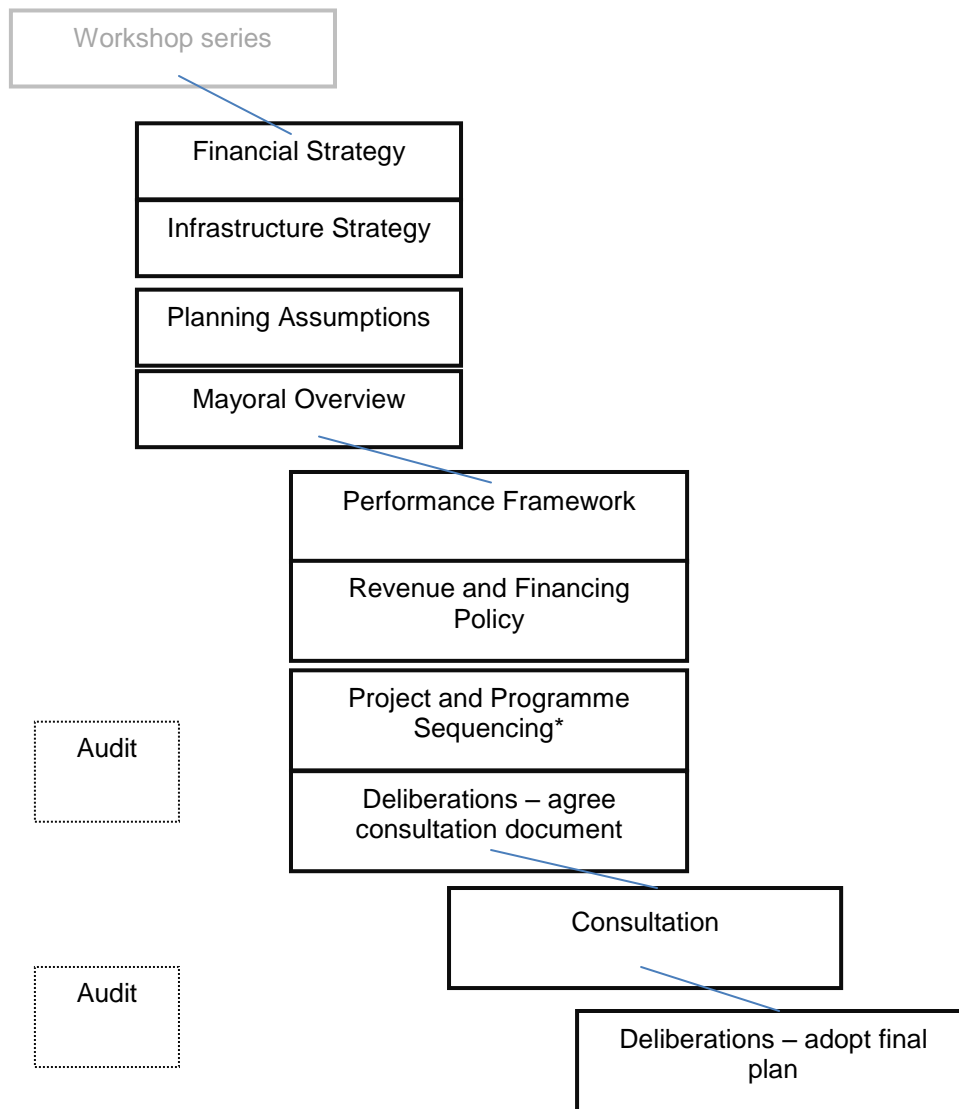
22. Council will:
- Produce the Consultation Document and Feedback Form in hard-copy and electronic formats
 - A statutory notice about the consultation and dedicated features will be published in the Council's *Our Wellington* placements
 - Council will use its social media tools to raise awareness about the value of its services and to inform people about the Consultation Document and the consultation process.

Engagement Plan Phases for the LTP

23. Phase 1: Building public awareness - ongoing
- This will be achieved through an ongoing media campaign focussing on building public awareness and understanding of the process.
24. Phase 2: Making use of existing engagements (ie speaking engagements) – 2014
- This phase includes Mayoral and CE speaking engagements with targeted interest and sector specific groups
 - A base presentation will be developed that councillors can use to share in their speaking engagements in the community
25. Phase 3: LTP Consultation – 13 March – 17 April 2015
- This phase consist of the 4 week consultation period, using the Special Consultative Procedure which is a legislative requirement for the LTP.
 - Under the new legislation, (s 82A (3)), Council may not go out with a draft LTP during the consultation period. Instead, Council must prepare a Consultation Document that is concise, in plain language and describes the key issues and projects of Council.
 - This document will be made available to the public by 13 March 2015 for at least 4 weeks. Attached to the Consultation Document and on the website, will be a "Feedback Form" which will allow people to submit a hard or electronic submission to Council on its key issues discussed in the Consultation Document.
26. Phase 4: Collecting public feedback – March – May 2015
- This phase encompasses the broader engagement phase and the aim is to get feedback from the community on our LTP. Feedback will be gathered from the ward forums, business and special interest group forums as well as written submissions ("Feedback form") from the public.

Process overview

26. The formal consultation process will follow the deliberations in February. The following diagram illustrates the key steps between now and then. The final consultation document will be agreed by Council. It will reflect the decision on the key projects.



*Any initiatives or proposed service level changes (budgetary bids) to the plan need to be accommodated within the parameters set in the Financial Strategy. They need to be assessed for their impact on the budget position and the overall strategic direction of the plan. This will also assist the management of the external audit process. To enable this to happen, all initiatives/budgetary bids must be lodged with the Mayor by 10 January 2015.

Next Actions

27. Officers will keep Councillors informed of scheduled dates and times for each of the events.
28. The proposed timeline for this process is as follows:
- 28 January 2015 – Workshop five: Funding workshop
 - 3 February 2015 – Workshop six: Funding workshop
 - 17 February 2015 – GFP meeting on draft plan
 - 25 February 2015 – Council adopts final draft LTP (gives effect for the Consultation phase of the Engagement Plan)
 - 13 March – 17 April 2015 – Phase 3 of the Engagement Plan
 - March – May 2015 – Phase 4 of the Engagement plan

 - 5-8 May 2015 – Hearings
 - 26=28 May – GFP Deliberations

 - 24 June 2015 – Final adoption of the LTP

Attachments

Nil

Author	Marissa Cairncross, Snr Adv Planning & Reporting
Authoriser	Brian Hannah, Director Strategy and External Relations

2014/15 FIRST QUARTER REPORT

Purpose

1. This report outlines progress towards the delivery of the 2014/15 Annual Plan as at 30 September 2014.

Recommendation

That the Governance, Finance and Planning Committee:

1. Note the information.

Background

2. The quarterly report informs councillors of progress against the annual plan, and also ensures the annual report does not contain any unexpected and significant variances from performance.

Discussion

3. The attached quarterly report, with the accompanying appendix one, outlines the Council's progress against planned or budgeted performance for:
 - Income
 - Operational expenditure
 - Capital expenditure
 - Service delivery (KPI performance)
 - Compliance with Treasury Policy
 - Key programmes.
4. Significant variances are explained, by activity group, in appendix one to the quarterly report. This quarterly report explains variances greater than 10%.
5. Details relating to significant projects are highlighted, by relevant committee, on pages 2-4 of the quarterly report itself.

Attachments

Attachment 1.	2014/15 First Quarter Report	Page 103
Attachment 2.	Appendix one	Page 107

Author	Shanan Smith, Senior Advisor Planning and Reporting
Authoriser	Brian Hannah, Director Strategy and External Relations

SUPPORTING INFORMATION

Consultation and Engagement

Not applicable.

Treaty of Waitangi considerations

Not applicable.

Financial implications

This report outlines progress against the planned projects, spending and service levels indicated in the annual plan.

Policy and legislative implications

Not applicable.

Risks / legal

Not applicable. This report outlines progress towards the annual plan and annual report, which are legislative requirements.

Climate Change impact and considerations

Not applicable.

Communications Plan

Not applicable.

QUARTERLY REPORT

QUARTER 1 (1 JULY–30 SEPTEMBER 2014)

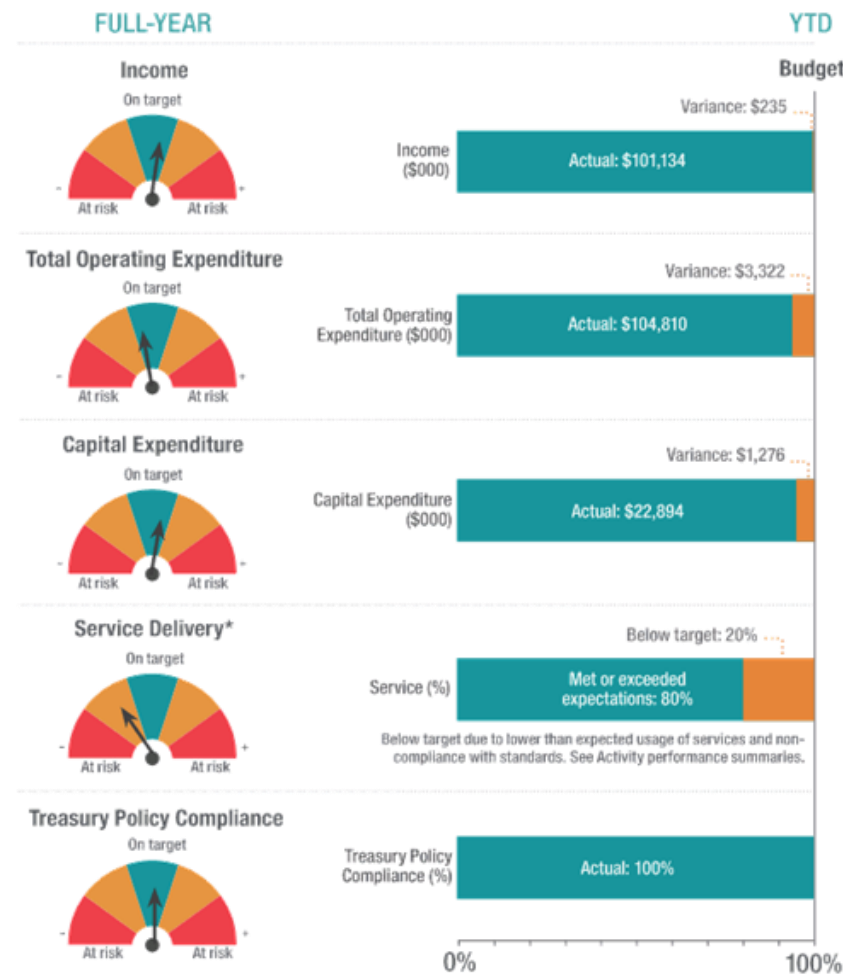
This report summarises the Council's progress in the first quarter of 2014/15 towards fulfilling the intentions outlined in the Annual Plan. Quarterly performance is assessed against:

- income
- total operating expenditure
- capital expenditure
- service delivery (KPI performance)
- Treasury policy compliance.

Areas where there is a risk to or significant variance from budgeted expectations are discussed in the performance summaries for each of the Council's seven activity areas.

Council is making good progress with the major projects it had planned for the year and is largely on track to meet year-end targets. Service performance exceptions are mainly due to lower than forecast use of services. See activity performance summaries for more information.

HOW ARE WE PERFORMING?



Note: that the figures for service performance only include key performance indicators (KPI) that are measured on a monthly or quarterly basis. Annual KPIs will be incorporated at year-end (30 June 2015). In some areas, KPIs exceeded their targets by over 10%. These exceptional results are also outlined in the Activity performance summaries.

FINANCIAL SNAPSHOT

STATEMENT OF FINANCIAL PERFORMANCE

The Council's consolidated financial performance for the period 1 July 2014 to 30 September 2014 is presented in this section. Note that numbers in brackets indicate an unfavourable variance from budget.

	YTD 2014/15			Full year 2014/15	
	Actual \$000	Budget \$000	Variance \$000	Forecast \$000	Budget \$000
Rates Income	63,754	63,817	(62)	255,267	255,267
Other Income	1,231	670	561	13,681	13,681
Lease Income	9,132	8,964	167	36,116	36,574
Interest Income	0	11	(11)	8	44
Income from Activities	26,175	26,939	(763)	126,110	123,205
Development Contributions	841	500	341	2,000	2,000
Total Income	101,134	100,901	235	433,182	430,771
Personnel Expenditure	24,002	24,441	439	97,615	97,678
General Expenses	52,636	52,450	(186)	202,256	200,245
Financing Expenditure	5,373	5,760	385	23,041	23,041
Depreciation & Loss/Gain on Sale	22,799	25,483	2,683	95,935	102,164
Total Expenditure	104,810	108,134	3,322	418,847	423,127
Net Operating Surplus/(Deficit)	(3,676)	(7,232)	3,557	14,335	7,644

The year-to-date net operating deficit of \$3.676m is \$3.557m better than the budgeted deficit of \$7.232m. This favourable variance is attributable to a combination of factors as outlined below.

INCOME

Year-to-date total income is above budget by \$0.235m:

- Other income is ahead of budget by \$0.561m due to unbudgeted income received from the disposal of assets.
- Development Contributions are \$0.341m higher than budget for the first three months, due to higher income from several residential developments.
- Income from Activities is \$0.763m under budget mainly due to lower New Zealand Transport Agency funding (\$0.581m) because of delays in the planned roading programme due to unfavourable weather.

EXPENDITURE

Year-to-date total expenditure is under budget by \$3.322 million:

- Depreciation & Loss/Gain on Sale is \$2.683m under budget due to savings as a result of the decrease in infrastructure asset values at 30 June 2014. These differences will be permanent.
- Personnel Expenditure is \$0.439m under budget mainly due to some vacancies across Council. These are timing differences only.
- Financing Expenditure is under budget by \$0.385m due to lower levels of borrowings and some delays in the capital programme in the first three months of the year.

FULL YEAR FORECAST

The forecast Net Operating Surplus for the year is currently \$6.7m more than budget. This includes \$6.3m of depreciation savings resulting from the decrease in infrastructure asset values at 30 June 2014 and \$3.8m additional funding from the New Zealand Transport Agency funding in respect of the capital roading programme. Offsetting these favourable forecast variances is lower revenue from pools, fitness centres, the ASB Sports Centre and building consents (\$1.4m), and Council-approved overspends for Community Events and the Events Development Fund (\$1.6m).

NET OPERATING EXPENDITURE

	YTD 2014/15			Full Year 2014/15	
	Actual \$000	Budget \$000	Variance \$000	Forecast \$000	Budget \$000
Governance	3,364	3,622	258	14,446	14,438
Environment	32,399	34,578	2,178	127,745	133,486
Economic Development	7,689	7,761	71	24,723	23,774
Cultural Wellbeing	6,544	6,809	265	18,012	17,190
Social and Recreation	13,235	13,733	497	51,111	50,228
Urban Development	4,803	4,706	(97)	19,537	19,270
Transport	5,795	6,457	662	25,581	25,028
Total Activity Area	73,829	77,664	3,835	281,157	283,414
Council	(70,153)	(70,432)	(279)	(295,492)	(291,058)
Total	3,676	7,232	3,557	(14,335)	(7,644)

CAPITAL EXPENDITURE

	YTD 2014/15			Full Year 2014/15	
	Actual \$000	Budget \$000	Variance \$000	Forecast \$000	Budget \$000
Governance	0	0	0	0	0
Environment	4,769	4,252	(518)	33,573	33,216
Economic Development	196	402	206	2,471	2,471
Cultural Wellbeing	0	0	0	356	356
Social and Recreation	6,783	8,006	1,223	30,607	30,775
Urban Development	2,083	1,562	(521)	22,837	22,717
Transport	5,718	6,655	937	44,111*	39,803
Total Activity Area	19,549	20,877	1,328	133,955	129,338
Council	3,345	3,293	(52)	24,090	22,675
Total	22,894	24,169	1,276	158,044	152,013

* The forecast includes additional expenditure on Rooding Capacity Projects of \$3.845m that will be funded from additional funding from the New Zealand Transport Agency.

STATEMENT OF BORROWINGS

Total committed borrowing facilities as at the end of September are \$486.5m providing headroom of \$165.5m. Our liquidity ratio is at 123% compared to the policy minimum of 110%.

	YTD 30 September 2014 \$000	30 June 2014 \$000
Facilities at start of year	460,500	429,000
New/matured facilities (net)	26,000	31,500
Facilities at end of period	486,500	460,500
Borrowings at start of year	348,000	341,000
Change in core borrowing + (-)	9,114	6,638
Repayment of loans + (-)	-	-
Change in working capital requirement + (-)	(36,114)	362
Net borrowings at end of period	321,000	348,000
Plus unutilised facilities	165,500	112,500
Total borrowing facilities available	486,500	460,500

Note: "Borrowing facilities" excludes \$5 million of uncommitted funding lines. Facilities do not include short term commercial paper or deposits.

TREASURY POLICY COMPLIANCE

At 30 September 2014 all of the core policy compliance requirements were achieved as shown below.

PRUDENTIAL TREASURY LIMITS

Prudential limits	Policy limit (%)	Actual (%)	Compliance
Borrowings as a % of equity	<10	4.8	Yes
Borrowing as a % of income	<150	77.1	Yes
Net interest as a % of annual rates income	<20	8.8	Yes

Notes: Equity is based on the 2014/15 annual plan. Net interest is actual. Annual rates and income are based on 2014/15 annual plan.

Interest rate risk control limits (interest rate exposure)	Policy limit (%)	Actual (%)	Compliance
Fixed interest proportion	50-95	89	Yes
Broken down: 0-3 year bucket	20-60	24	Yes
Broken down: 3-5 year bucket	20-60	22	Yes
Broken down: 5-10 year bucket	20-60	54	Yes

Liquidity/funding risk (access to funds)	Policy limit (%)	Actual (%)	Compliance
Liquidity/funding risk (access to funds)	>110	123	Yes
Broken down: 0-3 year bucket	20-60	52	Yes
Broken down: 3-5 year bucket	20-60	22	Yes
Broken down: 5-10 year bucket	15-60	26	Yes

Notes: Liquidity is defined as: Current borrowings + committed loan facilities divided by 12 month peak borrowings (for the purpose of measuring liquidity short dated Commercial Paper is excluded)

KEY PROGRAMMES

		Q1 Actual (1 Jul–30 Sep 2014)	Q2 Planned (1 Oct–31 Dec 2014)	Q3 Planned (1 Jan–31 Mar 2015)	Q4 Planned (1 Apr–30 Jun 2015)
Committee	Programme	Milestones			
GOVERNANCE	ACCOUNTABILITY AND PLANNING	Annual Report adopted			
		Long-term plan: • Workshop series commenced.	Long-term plan: • Financial strategy. • Infrastructure strategy. • Programme overview.	Long-term plan: • Revenue and Financing policy. • Performance framework. • Adopt draft plan.	Long-term plan: • Consultation. • Adopt final plan.
		Mid-term capex review – \$15m investment package adopted and to be implemented, including: • Funding for Meet the Locals enclosure at Wellington Zoo. • Expansion of City to Sea Museum. • Victoria Street transformation in line with Central City Framework. • Urban catalyst projects.			
ECONOMIC GROWTH AND ARTS	ECONOMIC DEVELOPMENT	Region wide consultation on development of Wellington Regional Economic Development Agency (WREDA).	WREDA proposal adopted. WREDA Chair appointed.	WREDA transition and implementation.	
	8 BIG IDEAS	Convention centre: • Public consultation undertaken.	Convention centre: • Council consideration and final decision on proposal.		
		Tech hub: • Developed Expression of Interest (EOI) documentation.	Tech hub: • EOI released, closes 19 November 2014. • Evaluation of EOI responses and determination of next steps.		
		Airport runway extension: • Results of economic impact assessments received.	Airport runway extension: • Reports being peer reviewed by council officers. Report back to Council.		
		Film museum: • Preliminary investigations and concept development continue			
MAJOR EVENTS	World of Wearable-Arts – 25 Sep to 12 Oct Beervana – 22 to 23 Aug All Blacks v South Africa Test – 13 Sep LUX Light Festival – 22 Aug to 1 Sep Oktoberfest – 19 to 20 Sep	SkyShow – 8 Nov Toi Māori Art Market – 14 to 16 Nov Rugby League Four Nations Final – 15 Nov Capital Christmas – 10 to 24 Dec New Year's Eve Festival – 31 Dec	IRB Sevens – 6 to 7 Feb Homegrown Music Festival – 7 Mar ICC Cricket World Cup – 14 Feb to 29 Mar Cuba-Dupa – 28 to 29 Mar	Wellington Fashion Week – 8 to 12 Apr World Water Ski Racing Championships – 9 to 20 Apr WW100 and ANZAC Commemorations – 25 Apr AFL match – 25 Apr FIFA Under-20 World Cup – 30 May to 20 Jun	
COMMUNITY SPORTS AND RECREATION	HOUSING UPGRADE	Berkeley Dallard and Etona: • Construction completed and buildings reoccupied.			
		Arlington Site 1: • Business case under development.		Arlington Site 1: • Business case presented to Community, Sports and Recreation Committee (CSR).	Arlington Site 1: • Implementation of CSR decision.
		Arlington Site 2: • RFP under development.	Arlington Site 2: • RFP to be issued.	Arlington Site 2: • RFP results evaluation.	Arlington Site 2: • Develop detailed design.

		Q1 Actual (1 Jul–30 Sep 2014)	Q2 Planned (1 Oct–31 Dec 2014)	Q3 Planned (1 Jan–31 Mar 2015)	Q4 Planned (1 Apr–30 Jun 2015)
Committee	Programme	Milestones			
COMMUNITY SPORTS AND RECREATION	HOUSING UPGRADE	Marshall Court: <ul style="list-style-type: none"> Under construction. 		Marshall Court: <ul style="list-style-type: none"> Construction complete. 	
		Kotuku: <ul style="list-style-type: none"> Tender evaluation complete. 	Kotuku: <ul style="list-style-type: none"> Construction contract commencement. 	Kotuku: <ul style="list-style-type: none"> Under construction. 	
	RECREATION UPGRADES	Keith Spry Pool: <ul style="list-style-type: none"> Teaching pool and children's pool tanks completed. Maintenance work started on existing pool. 	Keith Spry Pool: <ul style="list-style-type: none"> Upgrade work on new pools and change rooms scheduled to be completed mid-December 2014. 	Keith Spry Pool: <ul style="list-style-type: none"> Hand over from contractor to the Council. Commence operational set-up of new pools and preparation for opening to the public. Opening to the public in February 2015. 	
ENVIRONMENT	WATER UPGRADES	Seismic strengthening: <ul style="list-style-type: none"> Strengthening of Maupuia No1 and No2 reservoirs completed. Melrose reservoir design work completed. 	Seismic strengthening: <ul style="list-style-type: none"> Melrose reservoir construction commenced. Install auto-shut valve (ASV) at Roseneath No2 reservoir. 	Seismic strengthening: <ul style="list-style-type: none"> Melrose reservoir construction completed. Linden and Newlands reservoir design work underway. 	Seismic strengthening: <ul style="list-style-type: none"> Linden and Newlands reservoir design work completed. ASV installations at Montgomery, Mt Wakefield and Broadmeadows reservoirs.
	NATURAL ENVIRONMENT	Our Capital Spaces: <ul style="list-style-type: none"> Completed pre-engagement for review of Biodiversity Action Plan. Completed sediment reduction plan for Porirua Harbour Strategy. Established interagency planning group for the development of Watts Peninsula as a heritage park. Funding approved for Mountain Bike Economic Growth Initiative (MBEGI) to develop business plan for Wellington as a premier mountain bike destination. 	Our Capital Spaces: <ul style="list-style-type: none"> Biodiversity Strategy to Environment Committee for approval to formally consult. Consultation on Draft Suburban Reserves Management Plan. 	Our Capital Spaces: <ul style="list-style-type: none"> Consultation on Biodiversity Strategy. Consultation on Mt Victoria Master Plan. 	Our Capital Spaces: <ul style="list-style-type: none"> Final Biodiversity Strategy approved by Council. Mt Victoria Master Plan completed. MBEGI completed business plan for Wellington as a premier mountain bike destination.
		Island Bay Seawall: <ul style="list-style-type: none"> Project and engagement plans agreed by the Environment Committee. 	Island Bay Seawall <ul style="list-style-type: none"> Consultation and engagement completed. Environment Committee to consider options. 	Island Bay Seawall: <ul style="list-style-type: none"> Detailed design of options, pending Environment Committee decision. 	Island Bay Seawall: <ul style="list-style-type: none"> Consult on detailed design options. Final decision on approach.
TRANSPORT AND URBAN DEVELOPMENT	EARTHQUAKE RESILIENCE	Earthquake strengthening of Council buildings: <ul style="list-style-type: none"> Clarrie Gibbons Building strengthening completed. Network Newtown strengthening commenced. Truby King House chimney strengthening completed. Thistle Hall strengthening continues. 	Earthquake strengthening of Council buildings: <ul style="list-style-type: none"> Network Newtown strengthening completed. Portico demolition commenced. Band Rotunda remediation completed. Planning for strengthening chapel and crematorium at Karori Cemetery commenced. Thistle Hall strengthening completed. 	Earthquake strengthening of Council buildings: <ul style="list-style-type: none"> Portico demolition completed. 	
		Application submitted to the Rockefeller Foundation's "100 Resilient Cities" programme.	Decision expected on application to "100 Resilient Cities" programme.		
		Town Hall strengthening project is awaiting further information on options. Alternative use continues to be worked on.			

KEY PROGRAMMES

		Q1 Actual (1 Jul–30 Sep 2014)	Q2 Planned (1 Oct–31 Dec 2014)	Q3 Planned (1 Jan–31 Mar 2015)	Q4 Planned (1 Apr–30 Jun 2015)	
Committee	Programme	Milestones				
TRANSPORT AND URBAN DEVELOPMENT	EARTHQUAKE RESILIENCE	Hataitai Bus Tunnel: • Portal strengthening design and tender documents completed and issued. • Public notification of works and stakeholder briefings.	Hataitai Bus Tunnel: • Portal tender evaluation and awarding of contract. • Work to strengthen portals commences in November 2014.	Hataitai Bus Tunnel: • Work to strengthen portals continues with 80% completed by end of quarter. Seatoun Tunnel: • Pending assessment of earthquake strengthening requirements the contract for professional services for this work will be tendered.	Hataitai Bus Tunnel: • Work to strengthen portals completed.	
	WATERFRONT FRAMEWORK	North Kumutoto project: • Council decision on building, long-term lease and public space projects.	North Kumutoto project: • Application for resource consent likely to be submitted.	North Kumutoto project: • Resource consent application process continues.		
		TSB Arena and Shed 6: • Investigations commenced.	TSB Arena and Shed 6: • Detailed planning completed and tender documentation prepared.	TSB Arena and Shed 6: • Work underway to renew exterior cladding.		
	URBAN DEVELOPMENT	Parliamentary precinct: • Contractor appointed for Cenotaph upgrade. • Construction commenced 1 September.	Parliamentary Precinct: • All demolition and ground works completed. • Work commenced on new staircase and paving.	Parliamentary Precinct: • Work completed and space opened up for public use.		
		Memorial park: • Arras Tunnel opened and park construction commenced.	Memorial park: • Park construction underway. Australian Memorial construction commences.	Memorial park: • Park construction complete.	Memorial park: • Park opening and Anzac day commemoration.	
		Kilbirnie town centre phase two: • Deferred pending confirmation of design brief.	Kilbirnie town centre phase two: • Design brief confirmed following consultation. • Concept design completed and detailed design underway.	Kilbirnie town centre phase two: • Detailed design completed and contract awarded.	Kilbirnie town centre phase two: • Construction underway.	
		Victoria Street: • Funding and concept design approved and detailed design commenced.	Victoria Street: • Detailed design completed and construction commenced.	Victoria Street: • Full construction work underway with construction commencing in southern block.	Victoria Street: • Major construction works completed by end of June. • Minor additional works may continue.	
		Lombard Lane: • Design brief being confirmed.	Lombard Lane: • Concept design completed.	Lombard Lane: • Detailed design completed.	Lombard Lane: • Tender documents prepared and construction programme agreed with developer.	
		TRANSPORT	Island Bay to City Cycle route: • Section one (Shorland Park to Wakefield Park) design and consultation. • Section two (Wakefield Park to John St) planning and preparation for public consultation.	Island Bay to City Cycle route: • Section one (Shorland Park to Wakefield Park) design and consultation completed. Committee to make decision. • Section two (Wakefield Park to John St) planning and preparation for public consultation.	Island Bay to City cycle route: • Section one (Shorland Park to Wakefield Park) construction commences. • Section two (Wakefield Park to John St) public consultation completed. Report to Committee.	Island Bay to City cycle route: • Section one (Shorland Park to Wakefield Park) construction completed. • Section two (Wakefield Park to John St) Committee decision on preferred option expected. Planning for preferred option.
			Johnsonville road improvements: • Broderick Rd Bridge construction started.	Johnsonville road improvements: • Broderick Rd Bridge construction continues.	Johnsonville road improvements: • Broderick Rd Bridge construction continues. • State Highway One off-ramp work commences. • Other work commences: Signal works, street and crossing upgrades, and pedestrian and cycling improvements.	Johnsonville road improvements: • Broderick Rd Bridge construction completed. • State Highway One off-ramp work continues. • Other work continues: Signal works, street and crossing upgrades, and pedestrian and cycling improvements.
	Public Transport Spine: • Undertake core spine assessments to determine physical corridor constraints and detailed assessment of core routes based on integration with the Council's cycle planning.					

APPENDIX 1: QUARTERLY REPORT 1 July 2014 – 30 September 2014

PERFORMANCE SUMMARY: BY ACTIVITY AREA

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1. GOVERNANCE

Pārongo ā-Tāone

We want to maintain confidence in our decision-making.

We have an obligation to ensure the views of Māori and mana whenua are heard.

WHAT WE DO

- Governance, information and engagement
- Māori and mana whenua partnerships.

HIGHLIGHTS OF THIS QUARTER

- We improved transparency and access by live streaming Council meetings.
- We adopted our annual report. The first local authority in the country to do so.
- We introduced a mid-term capex review. This resulted in \$15 million of investment in the city.
- The Council voted to retain Single Transferable Voting (STV) for the next triennial elections.
- The June/July Matariki and Māori Language Week programme of events was delivered.
- Our contact centre was the winner of the 2014 ALGIM Ultimate Customer Service Award.

SIGNIFICANT VARIANCES TO PERFORMANCE¹:

SERVICE DELIVERY

Measure	Actual	Target	Var	Variance explanation
Council, committee and subcommittee reports that are made available to the public five days prior to the meeting (%)	56%	80%	(30%)	We continued to achieve 100% for our statutory target to making reports available two days prior to meetings. Tight deadlines between Audit and Risk Subcommittee meetings and those of the Governance, Finance and Planning Committee have caused delays in getting agendas out.
Satisfaction with City Archive services and facilities	100%	90%	11%	

NET OPERATING EXPENDITURE

Activity	YTD			Full Year	
	Actual \$000	Budget \$000	Variance \$000	Forecast \$000	Budget \$000
1.1 Governance, Information & Engagement	3,298	3,565	267	14,221	14,213
Under budget due to vacancies and timing of work programmes.					
1.2 Māori Engagement (mana whenua)	65	56	(9)	225	225
TOTAL	3,364	3,622	258	14,446	14,438

CAPITAL EXPENDITURE

No significant variances.

¹ Areas where performance varied from budgeted expectations by more than 10%.

2. ENVIRONMENT

Taiao

We aim to protect and enhance Wellington's natural environment.

WHAT WE DO

- Gardens, beaches and green open spaces
- Waste reduction and energy conservation
- Water
- Wastewater
- Stormwater
- Conservation attractions.

HIGHLIGHTS OF THIS QUARTER

Gardens and green open spaces

- The Botanic Gardens of Wellington Management Plan was approved by the Environment Committee.
- The Wellington Town Belt Bill was approved by the Council. The Bill will now be introduced into Parliament by the MP for Wellington Central, Grant Robertson.
- Mt Victoria master planning is underway – this is one of the key objectives under the Wellington Town Belt Management Plan 2013.
- The draft Suburban Reserves Management Plan was approved for public consultation.
- 16,880 plants were planted through the Council restoration planting programme and 18,371 plants were distributed to community groups.
- Habitat the Game smartphone app was launched in collaboration with the Department of Conservation.
- A series of videos were shot to demonstrate best practice restoration planting for public use.
- Otari Curator's house (Leonard Cockayne Centre) reconfiguration completed and officially opened.
- The Spring Festival was completed with partners reporting especially high levels of bookings this year on the back of a new marketing approach.
- Further consultation was undertaken with the Accessibility Advisory Group, kaumatua and children for the Wellington Botanic Garden Children's Garden.
- *Seaweek* events in the Wellington region were coordinated with NZ Association for Environmental Education.
- Our Living City grants were approved for five projects.

Waste reduction and energy conservation

- Smart Energy challenge – Aro Solar installed a solar PV system on the Aro Valley Community Centre.
- 77 insulation retrofits were completed as part of our Warm Up Wellington partnership with EECA, CCDHB, Hutt Mana Charitable Trust and the Sustainability Trust.
- 141 home assessments were completed as part of the Home Energy Saver programme.

- *Kai to Compost*, our food waste collection is up 7 percent up on last year's volumes, coupled with a 21 percent increase in revenue.
- Since May, our project to increase waste diversion at the Southern Landfill transfer station has diverted an estimated additional 24 tonnes for re-sale in the Second Treasures shop. Income for the shop is 28 percent above the same period last year.

Water, wastewater and stormwater

- Karori Road and Redwood Road water pumping stations were renewed.
- A demonstration of the Aquarius water conservation education display unit at the Wellington Home & Garden Show raised awareness of the value of low-flow shower heads and fixing leaks.
- Wastewater pipes at pump station 38 (Island Bay) were renewed.
- Renewal of the stormwater pipeline through Massey University is 70 percent complete. The stormwater drain at Main Road Tawa was renewed.

Conservation attractions

- In September, the Wellington Zoo opened its new Grassland Cats habitat featuring servals and New Zealand's first caracal exhibit.
- 297 children attended the Zealandia Kids by Night tours.

SIGNIFICANT VARIANCES TO PERFORMANCE²:

SERVICE DELIVERY

Measure	Actual	Target	Var	Explanation
Freshwater sites (%) within acceptable faecal coliform counts	81%	95%	(14%)	Investigations are under way for the four areas where water quality is poor. Our investigations are ongoing. We have found some faults in the public and private networks, which we have corrected.
Visitors to the Zoo	45,000	50,286	(11%)	The Zoo expects to achieve its target at year-end.
Visitors to Zealandia	14,458	19,950	(26%)	Poor weather on peak days has affected visitor numbers. Visitor numbers may have been under-recorded because of technical issues. The Trust expects to resolve these issues in the next quarter and achieve its year-end target.
Zealandia – education programme attendees	1,547	2,371	(35%)	The Trust expects to achieve its year-end target.

NET OPERATING EXPENDITURE

Activity	YTD			Full Year	
	Actual \$000	Budget \$000	Variance \$000	Forecast \$000	Budget \$000
2.1 Gardens, Beaches and Open Space	6,998	7,075	78	28,156	28,176
2.2 Waste Reduction & Energy Conservation	276	363	87	741	280
Under budget due to higher revenue from waste minimisation activities and lower than forecast contract costs due to delayed CPI increases.					
2.3 Water	9,126	9,960	835	37,229	39,879
Under budget due to lower depreciation and insurance costs.					
2.4 Wastewater	9,453	10,077	624	38,132	40,377
Under budget due to lower depreciation and insurance costs.					
2.5 Stormwater	4,143	4,662	519	17,350	18,647
Under budget due to lower depreciation and timing variances on the sump cleaning programme.					
2.6 Conservation Attraction	2,404	2,440	36	6,137	6,126
TOTAL	32,399	34,578	2,178	127,745	133,486

² Areas where performance varied from budgeted expectations by more than 10%.

CAPITAL EXPENDITURE

Activity	YTD			Full Year	
	Actual \$000	Budget \$000	Variance \$000	Forecast \$000	Budget \$000
2.1 Gardens, Beaches and Open Space	706	499	(207)	3,073	3,073
Over budget due to the capital programme being ahead of schedule. Costs are expected to be in line with budget at year end.					
2.2 Waste Reduction & Energy Conservation	24	76	52	979	979
Under budget due to the need to explore options for the Southern Landfill extension project.					
2.3 Water	1,688	1,660	(28)	13,361	13,004
2.4 Wastewater	710	734	24	7,745	7,745
2.5 Stormwater	1,482	1,050	(432)	4,255	4,255
Over budget due to construction on stormwater renewal programme being ahead of schedule.					
2.6 Conservation Attraction	159	233	74	4,160	4,160
TOTAL	4,769	4,252	(518)	33,573	33,216

3. ECONOMIC DEVELOPMENT

Whanaketanga ōhanga

By supporting city promotions, events and attractions, we underscore Wellington's reputation as a great place to live and visit.

WHAT WE DO

- City promotions and business support

HIGHLIGHTS OF THIS QUARTER

- Joint public consultation with GWRC on the proposal to establish the Wellington Regional Economic Development Agency (WREDA) was undertaken. On 30 September, Wellington City Council (WCC) approved the establishment of WREDA. WREDA will include the following functions and organisations:
 - Positively Wellington Tourism (WCC)
 - Positively Wellington Venues (WCC)
 - Major Events (WCC)
 - Destination Wellington (WCC)
 - Grow Wellington (GWRC)
- Work commenced on assessing the requirements for an indoor performance arena for Wellington.

Positively Wellington Tourism

- The *Tyrannosaurs - Meet the Family* campaign was launched in partnership with Te Papa.
- Represented the Wellington Region at KiwiLink India in July, training travel agents and talking to travel sellers ahead of the ICC Cricket World Cup 2015. Attended KiwiLink South East Asia in September along with agent training seminars in Singapore, Jakarta and Perth.
- Wellington hosted the AFAC international conference, with over 900 delegates from Australia, NZ and the Pacific. The conference resulted in an economic impact of over \$1 million for the city.

Wellington Museums Trust

- Capital E National Theatre for Children toured *An Awfully Big Adventure* through New Zealand, reaching more than 5,600 young people to date.
- City Gallery Wellington had excellent attendance of 55,135 for the exhibition *Seung Yul Oh: MOAMOA A Decade*.
- The introduction of an Open Late season (a programmed late night the first Thursday of the month) has proven to be a popular addition to the public programme/event schedule at City Gallery Wellington.

SIGNIFICANT VARIANCES IN PERFORMANCE³:

SERVICE DELIVERY

Measure	Actual	Target	Var	Explanation
Estimated attendance at Council supported events	134,564	95,000	42%	Estimated attendance at the LUX light festival was above forecast.

NET OPERATING EXPENDITURE

Description	YTD			Full Year	
	Actual \$000	Budget \$000	Variance \$000	Forecast \$000	Budget \$000
3.1 City Promo & Business Support	7,689	7,761	71	24,723	23,774
TOTAL	7,689	7,761	71	24,723	23,774

CAPITAL EXPENDITURE

Outcome Description	YTD			Full Year	
	Actual \$000	Budget \$000	Variance \$000	Forecast \$000	Budget \$000
3.1 City Promo & Business Support	196	402	206	2,471	2,471
Under budget due to renewal works on Positively Wellington Venues being behind the schedule. Costs are expected to be in line with budget at year end.					
TOTAL	196	402	206	2,471	2,471

³ Areas where performance varied from budgeted expectations by more than 10%.

4. CULTURAL WELLBEING

Oranga ahurea

Supporting arts activity adds vibrancy to the city as well as promoting inclusive, tolerant and strong communities.

WHAT WE DO

- Arts and cultural activities

HIGHLIGHTS OF THIS QUARTER

- Paint Up 2014 workshops began. Paint Up is a schools' mural project that we piloted last year. It is now an annual community art project.
- We are developing murals on bus shelters prone to graffiti. Mica Still completed a mural on a bus shelter in Newlands and Michelle Carlton will paint a shelter in Newtown.
- The Toi Pōneke Review Report was delivered to the Economic Growth and Arts Committee. All report recommendations were agreed to.
- Toi Pōneke delivered three exhibitions – *Here we are...Home at Last* by Negin Dastgheib & Jessica Hubbard, *Lest We Go Ashore* by Shaun Mathews, and *Abstract / Ethics* by Robbie Whyte.
- We decided to fund three projects under the Public Art Fund. They are a guide to Wellington's permanent public art – *Art & About*; a project to highlight the history of the Embassy Theatre; and the final development of Kedron Parker's *Kumutoto Stream*, which will become a permanent installation.
- The Public Art Funded project, *Miniature Hikes*, began with the siting of artists Kemi Niko & Co.'s first miniature hut in Mount Cook.
- A new exhibition, *It's Love, Isn't It?* by Sarah Jane Parton was installed in the Courtenay Place Park light boxes.
- The City Art Collection was relaunched online, with the creation of virtual exhibitions providing easier access to the collection.
- The annual Artsplash Children's Festival took place between 2 and 12 September. This is New Zealand's largest participatory arts festival for primary and intermediate students. 8,000 children from almost 100 schools from across the Wellington Region took part in the festival.
- Construction of apartment at Clyde Quay Wharf for visiting international artist in residence commenced.

SIGNIFICANT VARIANCES IN PERFORMANCE⁴:

SERVICE DELIVERY

Measure	Actual	Target	Var	Explanation
Estimated attendance at Arts and Cultural festivals	4,000	12,000	(67%)	Festival attendance is typically low during the first quarter of the year. We expect attendance to increase during the next two quarters.

NET OPERATING EXPENDITURE

Outcome Description	YTD			Full Year	
	Actual \$000	Budget \$000	Variance \$000	Forecast \$000	Budget \$000
4.1 Galleries and Museums	6,544	6,809	265	18,012	17,190
Under budget due to timing variances for cultural grant allocations.					
TOTAL	6,544	6,809	265	18,012	17,190

CAPITAL EXPENDITURE

Outcome Description	YTD			Full Year	
	Actual \$000	Budget \$000	Variance \$000	Forecast \$000	Budget \$000
4.1 Galleries and Museums	0	0	0	356	356
TOTAL	0	0	0	356	356

⁴ Areas where performance varied from budgeted expectations by more than 10%.

5. SOCIAL AND RECREATION

Pāpori me te hākinakina

We provide a wide range of services throughout the city to encourage quality of life and healthy lifestyles.

WHAT WE DO

- Recreation promotion and support
- Community support
- Public health and safety.

HIGHLIGHTS OF THIS QUARTER

Recreation promotion and support

- \$250,000 funding received from New Zealand Community Trust for “Youth in Sport” programme at ASB Sports Centre and the Dragon Boat Festival.
- The new Education Noticeboard newsletter was developed for primary schools. The newsletter informs communities about relevant programmes, events and initiatives and will be produced each term.
- We initiated three Dodgeball events at Kilbirnie and Karori Recreation Centres. Dodgeball is very popular with young adults and attracts them to our recreation centres.
- We worked with Wellington Mountain Biking to establish beginners programmes at the South Coast Kids Track.
- We liaised with corporates about sponsoring community sport programmes, events and initiatives (MADD Gear Action Sports, Hasbro, Frucor, HART & Dynamic Sport).
- We hosted the Trans Tasman Cup (NZ v AUS Futsal series), Steve Adams Basketball Camp, and several national level sports events.
- The drainage upgrade at Nairnville Park was completed and we began work on the drainage upgrade at Redwood Park.
- We began work to replace the roof on the Newtown Park grandstand.
- We tendered and awarded a contract for renewal works at Martin Luckie Pavilion.

Community support

- Kim Hill chaired a panel discussion with section winners of the New Zealand Post Book Awards, which more than 100 people attended.
- We are coordinating projects for Neighbours Day Aotearoa 2015, and youth development workshops for the eastern suburbs.
- Emergency water tanks were installed in Karori West and Churton Park Schools.
- We are implementing the graffiti removal programme, including a volunteer programme with *BNZ Closed for a Day*, with communities, businesses and the Police.
- We are working with WREMO to implement training for welfare registration – scenario planning for welfare response and working with regional public health to plan for a pandemic response.
- We hosted discussions with licensees to re-establish Wellington Licensee Forum/Capital Hosts, encouraging joint action to reduce alcohol-related harm.
- We held a Tenant Open Forum with over 40 housing tenants giving us direct feedback on our services.

- We launched Discover Your Talents and Job Club initiatives to help housing tenants with literacy and finding employment.

Public Health and safety

- We are partnering with the New Zealand Police to prevent crime in car parks. The initial work involves working with private providers – Wilson Parking and Tournament Parking – and a prevention education programme.
- The Wolfpack app continues to be used and promoted as part of the student orientations.
- We are partnering with the Police to improve neighbourhood safety in Strathmore. Initiatives include playground improvements, graffiti removal and a planned community evening near the Palmer Head bunkers.
- Our local host team continues to provide a valuable service in the central city and has now expanded to trial a presence in Kilbirnie, Miramar and Newtown.

SIGNIFICANT VARIANCES IN PERFORMANCE⁵:

SERVICE DELIVERY

Measure	Actual	Target	Variance	Variance Explanation
Visits to facilities – recreation centres	94,837	108,100	(12%)	This result is mainly from lower than expected visits to the Nairnville Recreation Centre.
Visits to facilities: ASB Sports centre (peak)	95,132	110,906	(14%)	Weekday evening and Saturday usage was strong but Sunday usage was low. Initiatives to increase Sunday activities will be implemented.
ASB Sports Centre courts utilisation (off-peak)	42%	35%	21%	
ASB Centre courts utilisation (peak)	59%	71%	(16%)	Weekday evening and Saturday usage was strong but Sunday usage was low. Initiatives to increase Sunday activities will be implemented.
Libraries website visitor sessions	927,215	300,000	209%	In 2012/13 we changed the measurement methodology. We expected results to decrease and we reduced the target accordingly. The expected decrease has not occurred and we will review the target during the development of the next long-term plan.
Library programmes – estimated attendees	22,337	17,500	28%	This year, we increased the target for this measure but results are still above forecast. We will review the target during the development of the next long-term plan.
Occupancy rates (%) of Wellington City Council Community Centres and Halls	37%	45%	(18%)	We changed the methodology for this measure, which now combines community centres and community halls. We also set a new stretch target that we will struggle to meet by year-end.
Percentage of inspections carried out for high risk premises (category 3) carried out during high trading hours.	18%	25%	(29%)	No inspections were completed in July or August because of staff vacancies. Inspections picked up during September and we expect to achieve the year-end target.
Percentage of planned inspections carried out for high risk (category 3) premises	14%	25%	(44%)	No inspections were completed in July or August because of staff vacancies. Inspections picked up during September and we expect to achieve the year-end target.

⁵ Areas where performance varied from budgeted expectations by more than 10%.

NET OPERATING EXPENDITURE

Outcome Description	YTD			Full Year	
	Actual \$000	Budget \$000	Variance \$000	Forecast \$000	Budget \$000
5.1 Recreation Promotion & Support	6,462	6,317	(145)	26,184	25,126
Over budget due to maintenance costs ahead of budget. Costs are expected to be in line with budget at year end.					
5.2 Community Support	4,694	5,384	690	16,095	16,821
Under budget due to City Housing savings in interest, depreciation and insurance costs.					
5.3 Public Health and Safety	2,079	2,032	(47)	8,832	8,281
TOTAL	13,235	13,733	497	51,111	50,228

CAPITAL EXPENDITURE

Outcome Description	YTD			Full Year	
	Actual \$000	Budget \$000	Variance \$000	Forecast \$000	Budget \$000
5.1 Recreation Promotion & Support	2,076	1,976	(100)	7,243	7,243
Slightly over budget as work ahead of schedule. Costs are expected to be in line with budget at year end.					
5.2 Community Support	4,469	5,971	1,501	22,222	22,222
Under budget as Housing work is behind budget, this is mainly related to the Housing Upgrade Project. Costs are expected to be in line with budget at year end.					
5.3 Public Health and Safety	238	59	(179)	1,142	1,310
Over budget as costs incurred earlier than budgeted for the renewal of the Newtown Park Grandstand.					
TOTAL	6,783	8,006	1,223	30,607	30,775

6. URBAN DEVELOPMENT

Tāone Tupu Ora

Our focus is on enhancing Wellington as a compact, vibrant, attractive and safe city that is built on a human scale and is easy to navigate.

WHAT WE DO

- Urban planning, heritage and public spaces development
- Building and development control.

HIGHLIGHTS OF THIS QUARTER

- We have had an increase in Commercial Consents related to earthquake strengthening.
- The first tranche of special housing areas was approved by Council as part of the implementation of the Housing Accord signed with the Government.
- A memorandum of understanding was signed by the Council, Ministry for Culture and Heritage, and Port Nicholson Block Settlement Trust for the future use and development of Shelly Bay and Watts Peninsula.
- The re-hearing before the Environment Court in relation to the proposed demolition of the Harcourts building has been heard.
- Over \$205,000 was allocated to 11 applicants in the first round of the Built Heritage Incentive Fund. Recipients include Wesleyan Methodist Church, St Mary's Anglican Church, Owhariu Community Hall and Wellington Rowing and Star Boating Clubs, supporting their upcoming seismic strengthening projects.
- The green man signalling pedestrian crossings at eight traffic lights in the Parliamentary precinct were replaced with a silhouette of Kate Sheppard, drawing attention to the 121st anniversary of New Zealand women gaining the right to vote, the day before the 2014 General Election.
- The Tinakori Road enhancements are nearing completion and have been well received.
- The Opera House Lane improvements were completed.
- Civic Precinct (scoping) study commenced, with concept proposals for Mercer Street, Civic Square and Illott Green being explored.
- Concept design, stakeholder engagement and costings for Bond Street have started.
- Concept design and stakeholder engagement are progressing for Masons Lane.

SIGNIFICANT VARIANCES IN PERFORMANCE⁶:

SERVICE DELIVERY

Measure	Actual	Target	Var	Variance Explanation
Noise control (excessive noise) complaints investigated within one hour	99%	90%	10%	All but three of the 369 noise complaints received were investigated within one hour.
Resource consents that are monitored within three months of project commencement	99%	90%	10%	Only one site was not monitored within three months of project commencement.
Earthquake strengthened council buildings: programme achievement	Partially-Achieved	Achieved	n/a	Work on the Town Hall and Portico are ongoing.
Earthquake prone building notifications that are issued without successful challenge	67%	100%	(33%)	A notification was successfully challenged on one building.

NET OPERATING EXPENDITURE

Description	YTD			Full Year	
	Actual \$000	Budget \$000	Variance \$000	Forecast \$000	Budget \$000
6.1 Urban Planning and Policy	2,693	2,882	190	11,649	11,951
Under budget due to timing variances on maintenance expenditure and lower insurance costs both relating to Waterfront assets.					
6.2 Building & Development Control	2,110	1,824	(286)	7,889	7,319
Over budget due to resource consent revenue behind budget and contracts and professional fees over budget in earthquake prone building assessment. At this stage this is expected to be mainly a timing variance.					
TOTAL	4,803	4,706	(97)	19,537	19,270

CAPITAL EXPENDITURE

Description	YTD			Full Year	
	Actual \$000	Budget \$000	Variance \$000	Forecast \$000	Budget \$000
6.1 Urban Planning and Policy	996	441	(555)	17,279	17,159
Over budget due to timing variances on the Victoria St, Clyde Quay Wharf Artist in Residence and Parliamentary Precinct projects					
6.2 Building & Development Control	1,087	1,122	35	5,558	5,558
TOTAL	2,083	1,562	(521)	22,837	22,717

⁶ Areas where performance varied from budgeted expectations by more than 10%.

7. TRANSPORT

Waka

We manage the transport network so it is sustainable, safe and efficient.

WHAT WE DO

- Transport
- Parking.

HIGHLIGHTS OF THIS QUARTER

Parking

- From 1 July 2014, Parking Services has been provided as an in-house operation with a focus on customer service, education and ambassadorial roles in Wellington City. We have had compliments from the public and retailers about the customer service, energy and enthusiasm of the team.

Temporary Road Use Compliance

- Approved 1090 Corridor Access Requests for Utility Network maintenance and other temporary activities on the transport network, monitoring activity as appropriate.
- Provided 491 approvals for significant temporary traffic management plans.

Other

- We installed LED street lighting in Courtenay Place, Allen Street and Blair Street. Planning and design work for the installation of LED lights in Cuba Mall commenced.
- LED street lights were installed in Grenada Road.
- We installed larger rubbish bins in Oriental Parade and Courtenay Place.
- We worked with developers to enable LED lights to be installed in new development areas of Woodridge.

SIGNIFICANT VARIANCES IN PERFORMANCE⁷:

SERVICE DELIVERY

No significant variances.

NET OPERATING EXPENDITURE

Outcome Description	YTD			Full Year	
	Actual \$000	Budget \$000	Variance \$000	Forecast \$000	Budget \$000
7.1 Transport	9,405	9,845	439	39,354	39,114
Under budget mainly due to lower depreciation costs.					
7.2 Parking	(3,610)	(3,388)	222	(13,773)	(14,086)
Under budget due to staff vacancies and savings in debt collection costs.					
TOTAL	5,795	6,457	662	25,581	25,028

⁷ Areas where performance varied from budgeted expectations by more than 10%.

CAPITAL EXPENDITURE

Outcome Description	YTD			Full Year	
	Actual \$000	Budget \$000	Variance \$000	Forecast \$000	Budget \$000
7.1 Transport	5,718	6,648	930	43,930	39,623
Under budget due to timing variances on work programmes, predominantly pre-seal preparations for renewals and shape and camber corrections, both as a result of unfavourable weather conditions.					
7.2 Parking	0	8	8	180	180
TOTAL	5,718	6,655	937	44,111	39,803

MAYORAL TRAVEL TO XIAMEN, HANOI AND TAIPEI IN 2015, AND REPORTS BACK ON THE SAN FRANCISCO SISTER CITY RELATIONSHIP AND WALK21 CONFERENCE

Purpose

1. This report seeks approval for Mayor Wade-Brown to lead a Wellington Mayoral Delegation to Xiamen (China), Hanoi (Vietnam) and Taipei (Taiwan) in February 2015.
2. This paper also provides a report back to the Governance, Finance and Planning Committee on the Mayor's attendance at the Walk21 Conference in Sydney in October 2014, and an update on progressing the sister city relationship with San Francisco.

Summary

3. Mayor Wade-Brown has been invited by the Mayor of Xiamen, Liu Keqing, to visit our Sister City Xiamen in 2015. The Xiamen Government will cover all expenses during the Mayor's stay in Xiamen, including local transport, meals and accommodation.
4. The purpose of the visit to Xiamen is to further promote the sister city relationship, to donate New Zealand/Wellington books to the Wellington Corner in Xiamen Library, to discuss further details about the Wellington Chinese Garden project and to support Wellington companies to access China markets.
5. The Vietnam Ambassador to New Zealand has invited the Mayor of Wellington to visit Hanoi to explore opportunities to develop a closer civic/business relationship between the two cities in the future. China and Vietnam are good education markets and Wellington education providers support the Mayor's visit to these markets.
6. The purpose of the visit to Taipei is to attend the Taipei International Book Exhibition (TIBE) 2015 together with a New Zealand central government delegation. We currently have a Memorandum of Understanding with the Taipei City Government and this will be reviewed to focus on economic, education and cultural opportunities.

Recommendations

That the Governance, Finance and Planning Committee:

1. Receive the information.
2. Agree to the Mayor representing the city in Xiamen, Hanoi and Taipei from 4 to 13 February 2015, at an estimated cost of NZD\$8685.00.
3. Note that the Mayor attended the Walk21 Conference in Sydney in October 2014, and a report back on the conference is attached at Appendix One to this report.
4. Note the proposal for an International Commonwealth Walks project (detailed in Appendix One) and resolve that Wellington pursue the opportunity to be involved in the project.
5. Note that as a result of a previous decision of this committee to pursue a Sister City Relationship with San Francisco, the first meeting of the Wellington San Francisco Sister City Society took place on 4 December.
6. Agree to nominate one Councillor to the Wellington San Francisco Sister City Society.

Background

7. Council's International Relations Policy, agreed in August 2013, emphasises economic development and renews Wellington's commitment to sister cities. Regular visits to sister/partner cities are promoted as a way to demonstrate our commitment to strengthening these relationships.
8. The Mayor has previously led successful delegations to our sister/partner cities in Asia in 2011, 2012 and 2014, and this proposed delegation will build on those achievements. If the Committee agrees the proposed Mayoral Delegation, then a detailed itinerary will be developed.

Discussion

Xiamen, China

9. Wellington and Xiamen have been sister cities for 27 years with active programmes in culture, business, education and art exchanges.
10. A 20-strong government and business delegation led by Xiamen Mayor Liu Keqing visited Wellington last month as part of the Chinese President's visit to New Zealand. A highlight of the visit was the signing of a Memorandum of Understanding expanding opportunities between the cities in civic administration, education, business and the Wellington Chinese Garden project.
11. Mayor Liu Keqing invited Wellington Mayor and representatives from Wellington to visit Xiamen in 2015. It has been more than three years since the Mayor of Wellington visited Xiamen. Officers are proposing a Wellington Mayoral delegation to visit Xiamen for three days from 5 February.
12. The following activities are proposed for Xiamen:
 - An official meeting between the two Mayors, during which the Wellington Chinese Garden will be discussed
 - A business meeting with Xiamen Airlines which will follow up on Mayor Liu Keqing's visit to Wellington Airport in November 2014
 - The donation of New Zealand/Wellington books to the Wellington Corner in Xiamen Library, which is supported by the Publishers Association of NZ
 - Business workshops and education seminars
 - Business meetings on the second NZ/China Mayoral Forum led by LGNZ.

Hanoi, Vietnam

13. Cooperation and contact between New Zealand and Vietnam has flourished in the last 15 years, boosted by Vietnam's rapid economic growth and its deepening regional and global integration into the Asia-Pacific region and wider world.
14. Wellington and Hanoi are natural partners as capital cities. Both are cities with a focus on politics, governance, education, arts and culture. Hanoi is the largest centre of education in Vietnam. It is estimated that 62% of scientists in the country are living and working in Hanoi.
15. Vietnam is a target market for international students as part of the Destination Wellington programme. The intended outcome is a 25% increase in Vietnamese enrolments in 2015. Vietnam is a good market but has particular constraints at the moment. The position of Mayor is held in extremely high regard in Asian countries and

the capital city Mayor can open doors and raise the profile of Wellington education providers in Vietnam.

16. Wellington City Council has regularly hosted government/business groups from Hanoi. The new Vietnam Ambassador to New Zealand has invited the Mayor of Wellington to visit Hanoi to explore opportunities to develop a closer civic/business relationship between the cities in the future.
17. The proposed visit will include a two-day visit to Hanoi from 8 February. Meetings will be organised by Vietnam Embassy in Wellington.

Taipei, Taiwan

18. Taipei has had a partnership with Wellington since July 1997. New Zealand does not maintain diplomatic relations with Taiwan, but does maintain economic and cultural links. Taiwan and New Zealand signed a free trade agreement (ANZTEC) in Wellington in July 2013.
19. The purpose of the visit to Taipei is to attend the Taipei International Book Exhibition (TIBE) and New Zealand is the Guest of Honour for TIBE in 2015. Publishers and authors who will be participating from Wellington are as follows:
 - Julia Marshall of Gecko Press
 - Eboni Waitere and Brian Morris of Huia
 - David Ellis, Graeme Cosslett and John Huria of NZCER
 - Kathy Ferrier of Lanky Hippo
 - Joy Allcock of MJA Publishing
 - David Glover of Creative Strategies
 - Jenny Bornholdt, Joan Druett and Whiti Hereaka as authors
 - Tim Gibson of Graphic novelist
 - Sarah Wilkins of Illustrator
20. The Guest of Honour Programme, managed by the Publishers Association of New Zealand, will have a Visiting Author programme, a Cultural Programme, a substantial publisher presence (both trade and educational publishers selling rights to NZ material) and other yet-to-be announced elements.
21. The Guest of Honour Programme at TIBE 2015 is supported by Creative NZ, Education NZ, The Publishers Association of NZ, NZ Ministry of Foreign Affairs and Trade, and the NZ Ministry for Culture and Heritage.
22. Taipei City Government is happy to renew the partnership MOU with cooperation in the fields of arts, culture, education, technology, as well as earthquake related disaster management during the Mayor's visit in Taipei.
23. A range of projects and programmes are scheduled at this time, including:
 - An official meeting with Mayor of Taipei and signing a renew MOU
 - An official meeting with the Mayor of New Taipei City
 - Business meetings on school exchange, the Importers and Exporters Association of Taipei and Smart City Project
 - The New Zealand Reception at TIBE to be held on 10 February

Costs

24. The estimated cost of the Mayor's travel is NZD\$8685.00. This includes flights, hotel accommodation, internal travel and meals. The costs in Xiamen will be met by the Xiamen government.

25. In line with Council policy, Carbon Credits to the value of \$80.00 will be purchased.

San Francisco, United States

26. The Governance, Finance and Planning committee agreed in August 2014 to support the San Francisco sister city project.
27. As part of this process, Council has hosted a meeting in San Francisco and a meeting in Wellington to gauge interest from the wider community.
28. We have now established a Wellington San Francisco Society in Wellington. The purpose of the Society is to liaise with a similar group in San Francisco and both respective City Councils; together driving projects between the two cities that have relevance for both parties.
29. The Wellington San Francisco Society inaugural meeting was December 4 2014. San Francisco is due to follow with their inaugural meeting in January 2015.

Conclusion

30. This paper recommends approval for Mayor Wade-Brown to travel to Xiamen, Hanoi and Taipei in February 2014.
31. The Xiamen programme provides the Mayor with an excellent opportunity to strengthen the Wellington-Xiamen sister city relationship.
32. The invitation to Hanoi offers Wellington an ideal opportunity to position itself as a home for international students.
33. Taipei International Book Fair is one of the largest and longest running book fairs in Asia. Mayor Wade-Brown's visit will help Wellington business to build and develop relationships with their business counterparts. The renew MOU with Taipei City Government would provide an advantage to the Council long term economic growth strategy.

Attachments

Attachment 1. Report Back From Mayor Wade-Brown's Attendance at the Sydney Walk21 Conference in October 2014 Page 128

Authors	Tom Yuan, International Relations Manager Jayne Ramage, Information Coordinator
Authoriser	Sally Dossor, Director Governance

SUPPORTING INFORMATION

Consultation and Engagement

Not required.

Treaty of Waitangi considerations

Not relevant.

Financial implications

Costs will be met from International Relations budget.

Policy and legislative implications

The proposed travel is consistent with Council's 2013 International Relations Policy.

Risks / legal

None.

Climate Change impact and considerations

Carbon Credits will be purchased for flights in line with agreed Council policy.

Communications Plan

Not required.

REPORT BACK FROM MAYOR WADE-BROWN'S ATTENDANCE AT THE WALK21 CONFERENCE IN OCTOBER 2014

Summary

1. Mayor Wade-Brown attended the Walk21 International Conference on Walking and Liveable Communities in Sydney in October 2014. This conference is the premier opportunity for international experts and visionaries to come together and share ideas aimed at creating more walkable cities and towns.
2. The Mayor presented "Walkable Wellington: How 'the coolest little capital in the world' became Australasia's most walkable city" at the Walk21 Conference.
3. The Mayor observed international speakers discussing the benefits and economic impact of walkable cities.
4. The Mayor met with the Lord Mayor of Sydney, Clover Moore, and discussed Wellington and Sydney's Sister City relationship, and how opportunities for closer economic and cultural ties could be identified and built upon.

Background

5. The Walk21 International Conference on Walking and Liveable Communities took place at Luna Park in Sydney, 21-23 October 2014. The conference promoted healthy, sustainable and efficient communities where people walk as a way of travel and to be healthy. The Conference included experts in the field of walking and provided an opportunity to learn from local and international experience.
6. The Walk21 conference focused on walking for transport – connecting with public transport and for its own sake. The Lord Mayor of Sydney, Clover Moore presented alongside experts from around the world.
7. Attendees and speakers were from Europe, North America, Asia and Australasia. From New Zealand there were NZTA, Living Streets and Auckland Transport representatives. The NSW Health Minister and Transport NSW staff also presented.
8. Speaker Brent Toderian was hosted by the Wellington City Council and the Greater Wellington Regional Council in October for the Wellington Conversation series, and Daniel Sauter was at the Wellington Central Library earlier this month, as arranged by Living Streets Aotearoa.
9. Suburban centre improvement was also a focus of the conference alongside interconnected issues of minimum dwelling density, housing, architecture, safety and resilience.
10. Various benefits of walking were discussed and detailed; particularly economic, health and environmental.
11. The conference attendees were welcomed to the country by local Aboriginal leaders.

Discussion

Economic benefit:

12. The economic relationship with footfall is evidenced by the correlation between high-tech business success and walkability, as cited by Dr Rodney Tolley. The cost of urban sprawl to local authorities, residents and households (e.g. multiple cars per household, forced inactivity, lack of independence for children) was raised in a number of presentations. Walking is almost always the most efficient way of moving people in congested spaces according to Sebastian Smyth of Transport NSW.
13. Graham Jahn, Director City Planning, Development and Transport for the City of Sydney, spoke in favour of more enticing streets, revitalised laneways and better way-finding. New developments will not have minimum parking requirements and there will be no residents parking on-street for new developments in Sydney.
14. Increased walking will provide gains in relation to economic vitality, climate change, traffic congestion, social cohesion and community safety. Walkability is linked directly to high-tech business success and a reduction of urban sprawl and its negative effect on communities and local authorities.
15. A potential barrier to increased walking was identified around retailer perceptions that creating pedestrian and cycle friendly streets would negatively impact on the retail sales of the traders located on those streets.
16. Retailers and trading associations had opposed reducing traffic speeds in high pedestrian areas and had called for more car parking near local shops.
17. The Heart Foundation commissioned an independent discussion paper by Dr Rodney Tolley that concludes: "High quality walking and cycling environments around shops, neighbourhood activity centres and main streets are vital for the economic health of South Australia".

Relationship with cycling

18. Walk21 conference attendees commented that combined conferences were likely to diminish focus on walking focus. There was a strong desire for separated cycle facilities so footpaths cater for pedestrians and slower cyclists.

Tactical urbanism

19. Tactical Urbanism refers to cost-effective temporary urban changes, and examples were illustrated from New York City and Bondi Junction. Tactical urbanism focuses on improving amenity, reducing on-street parking and traffic speed, and can be instigated by local residents or Council.
20. International experience demonstrates that successful implementation of Tactical Urbanism often requires a sustained trial period. Ideally trials are placed where a strategic improvement is planned longer term.

Practicalities of walking and relationship with public transport

21. The difficulty of measuring walking was discussed and compared with motorised transport. The distinction between walking for pleasure and walking/running to work via a reserve is blurred.
22. Several speakers discussed interchanges between modes of public transport. The conclusion was that the difficulty could be lessened by integrated ticketing and physically sheltered, attractive exchange places.

Mayor Wade-Brown's presentation summary

23. Mayor Wade-Brown discussed the natural, topographic and planning matters that make Wellington one of the most walkable cities in the world. These included the original Town Belt, the outer green belt, removing the requirement for minimum car parking for downtown apartments, the requirement for verandas and our space syntax work on preferred walking connections.
24. The installation of the figure of Kate Sheppard replacing the green man in select Wellington crossing lights was well received.
25. Mayor Wade-Brown joined a discussion panel with Austrian and Australian politicians.

Commonwealth Walks

26. The Chair of the Walk21 Board, Jim Walker, is leading a project for the Outdoor Trust to create 100 walks around the Commonwealth, each with 100 points of interest to be loaded onto an international website. The first is likely to be in Gold Coast, as the preparations for the 2018 Commonwealth Games get underway.
27. The walks would serve as an international and permanent monument to the Commonwealth Games.
28. Jim Walker has donated a miniature Commonwealth Walkway roundel and Mayor Wade-Brown proposes to work with staff and the public to determine what points of interest could be connected, for example Government House and Parliament.
29. Mayor Wade-Brown sees this walk as connecting Wellington with cultural and economic relationships throughout the commonwealth whilst also providing health benefits.

Meeting with Lord Mayor Clover Moore

30. Council's International Relations Policy commits Council to build on existing city-to-city relationships to develop economic partnerships and projects.
31. Mayor Clover Moore and her Council are focused on a relationship with China, but there is also a desire to keep other international links active, including ourselves and San Francisco.
32. Mayor Clover Moore has a strong focus on inclusion, climate change and economic success. Sydney is heavily focussed on reducing congestion and has agreed to a pedestrian, cycle and light-rail route down George Street, their premier shopping street.
33. Mayor Wade-Brown and Mayor Clover Moore discussed the sister city relationship, potential arts and sporting partnerships and film industry opportunities.
34. Council's International Relations team will follow up opportunities and connections.

Visit to the George Street Hilton Hotel

35. Mayor Wade-Brown was given a tour of the conference facilities at the George Street Hilton.
36. The Hilton's commitment to guest comfort, employment of locals including apprentices combined with international training for management confirmed that a Hilton is desirable for Wellington.
37. The Hilton's international sales team would promote conferences and the Wellington Hilton as a destination.

Sculpture by the Sea

38. Mayor Wade-Brown visited the Tamarama headland in the neighbouring City of Waverly to see the central section of Sculpture by the Sea. It was a very popular attraction. The sculpture park is part of a network that includes similar works in Aarhus in Denmark and Cottesloe Beach in Perth and all are carefully selected and overseen.
39. A permanent or temporary sculpture could be discussed as an option for the Watts Peninsula development.

Images from the trip



Figure 1 Mayor Celia Wade-Brown and Mayor Clover Moore

Item 2.6 Attachment 1



Figure 2 Bondi Junction urban improvement

Figure 3 Walk21 presentation material

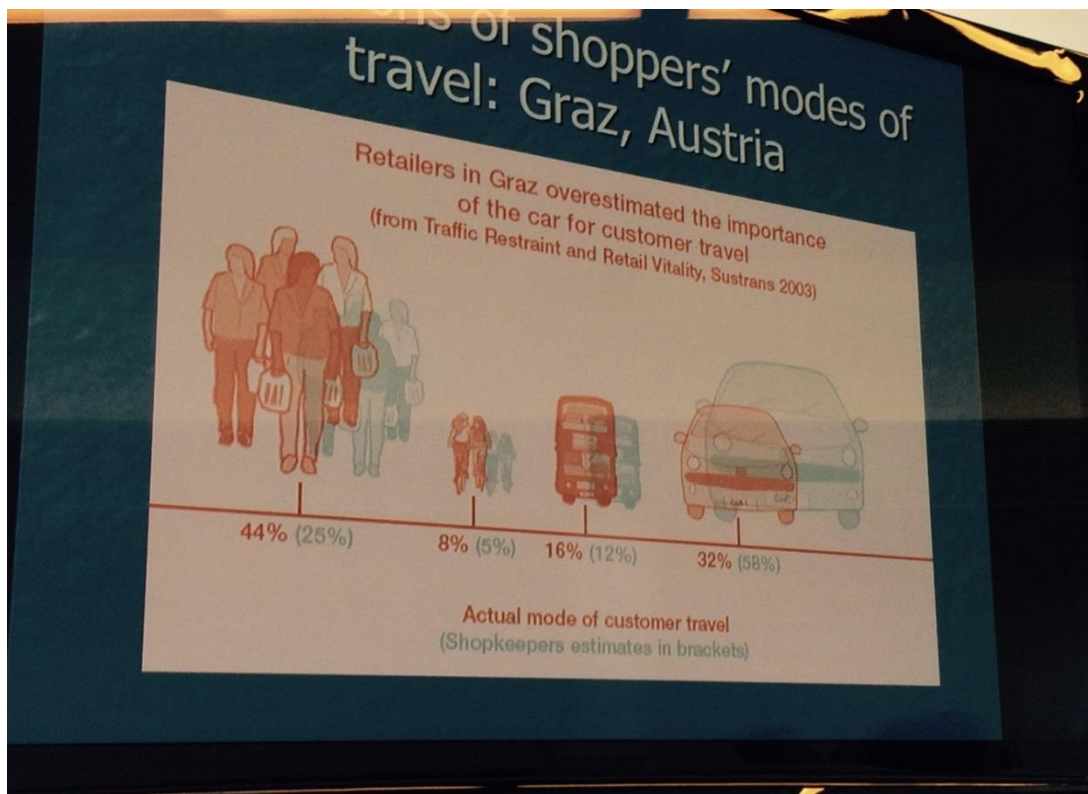


Figure 4 Walk21 presentation material



Figure 5 Sculpture by the Sea



Item 2.6 Attachment 1

Figure 6 & 7 Sculpture by the Sea



KHANDALLAH VILLAGE BUSINESS IMPROVEMENT DISTRICT POLL RESULTS

Purpose

1. Update on establishment of the Khandallah Village Business Improvement District (BID).
2. Make provision for a targeted rate to be set in response to a future request from the BID.

Summary

3. Khandallah Village business community have undertaken a process to determine whether a BID should be established which has culminated in a poll.
4. On 3 December 2014 the poll closed showing majority support to establish a BID.
5. As a consequence a targeted rate will be applied for so as to fund the activities of the BID.

Recommendations

That the Governance, Finance and Planning Committee:

1. Receive the information.
2. Agree, under the terms of the Business Improvement District policy, to include a targeted rate in the 2015/16 Draft Annual Plan the amount of \$20,000 to be applied to the commercial rated properties in the Khandallah Village Business Improvement District area.

Background

6. BIDs involve a local business community within a defined geographical area, developing projects and services that support local economic development. In March 2013 the Council adopted its BID policy.
7. The Khandallah Village Business Association (KVBA) was grant funded \$8,000. This was for the purpose of establishing a BID within the Khandallah Village commercial area under the terms of the BID Policy.
8. In May 2014, a consultant engaged by KVBA conducted interviews and public workshops, from which a business plan was developed. The plan provides the foundation from which the proposed BID would operate.
9. A poll, which closed on 3 December 2014, was conducted among the eligible voters⁸ to establish support for the BID proposal.
10. With the Voter Return Percentage being 69%, the BID proposal will be considered by the Council, as more than 50% of the returned votes support the proposal as required by the Policy. (Refer to Attachment 1).

⁸ An eligible voter is the ratepayer of a commercially rated property, and any business owner occupying one of those properties, within the proposed BID area.

11. An AGM will be held in the near future at which the proposed budget will be ratified and establish a legal entity under which the BID will operate. Also scheduled for the AGM will be a proposal to pass a resolution to apply to the Council for a targeted rate to the value of \$20,000 for the 2015/16 year.

Attachments

Attachment 1. Khandallah BID Poll Results

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Author	Phil Becker, Business Relations Manager
Authoriser	Derek Fry, Director City Growth & Partnerships

SUPPORTING INFORMATION

Consultation and Engagement

A programme of engagement and subsequent poll have been carried out in accordance with the BID Policy.

Treaty of Waitangi considerations

There are no Treaty of Waitangi considerations

Financial implications

The proposed budget of \$20,000 to operate the BID is funded through collection of a targeted rate, and included in the 2015/16 Annual Plan.

As the rate is collected on behalf of and returned to the BID there are no financial implications to the Council.

Policy and legislative implications

The processes of establishing the BID, operating the poll and undertaking a targeted rate are in accordance with the BID Policy.

Wellington City Council

**Khandallah Village Business
Improvement District Poll**

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

DECLARATION OF RESULT

In accordance with the Wellington City Council Business Improvement District Policy, I hereby declare the results for the Khandallah Village Business Improvement District (BID) Poll held on Wednesday, 3 December 2014.

I confirm that the official result was determined after the scrutiny of the roll was completed.

Votes Received

Votes received in support of Business Improvement District proposal	21
Votes received not supportive of Business Improvement District proposal	17
Informal Votes	0
Blank Voting Papers	0

The Business Improvement District proposal will be considered by Council, as more than 50% of the returned votes support the proposal as required by the Policy

The Voter Return Percentage was 69%, being 38 returned votes from a total of 55 eligible voters

The Voter Return Percentage supportive of the Business Improvement District proposal was 55 %, being 21 votes of the 38 votes returned.

Charlie Inggs
Electoral Officer
Wellington City Council
3 December 2014