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**ORDINARY MEETING**

**OF**

**GOVERNANCE, FINANCE AND PLANNING COMMITTEE**

**AGENDA**

**Time:** 9:15am  
**Date:** Wednesday, 28 September 2016  
**Venue:** Committee Room 1  
Ground Floor, Council Offices  
101 Wakefield Street  
Wellington

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**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](mailto: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.*

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## **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 25 August 2016 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.



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## 2. General Business

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### 2015-16 ANNUAL REPORT

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#### Purpose

1. The purpose of this report is to present the Annual Report for the Council and Group for the year ended 30 June 2016 to the Governance, Finance and Planning Committee (the Committee) for review and confirmation.

#### Summary

2. The 2015/16 Annual Report is attached in Attachment 1 for the Committee's review.
3. The Audit and Risk Subcommittee (the Subcommittee), under delegation from the Committee, has the primary responsibility for reviewing and recommending the adoption of the Council's Annual Report. In accordance with this mandate the Subcommittee reviewed the draft Financial Statements and Statements of Service Provision at its meeting on 20 September 2016, involving a comprehensive review of financial and service provision results for the year ending 30 June 2016. All substantive issues raised and discussed by the Subcommittee at those meetings have now been satisfactorily resolved.
4. No significant issues impacting the Financial Statements or Statements of Service Provision have arisen subsequent to the Subcommittee's 20 September 2016 meeting. Therefore the Subcommittee recommends the formal adoption of the Annual Report to the Committee and Council.

#### Recommendations

That the Governance, Finance and Planning Committee:

1. Receive the information.
2. Note that the Audit and Risk Subcommittee has reviewed the Financial Statements and Statements of Service Provision in detail.
3. Recommend to Council:
  - a. That the Accounting Policies contained in the draft Financial Statements (attached to the officers' report) are formally confirmed for adoption for the Financial Statements for the year ended 30 June 2016.
  - b. The adoption of the Financial Statements and Statements of Service Provision for Wellington City Council and Group within the Annual Report for the year ended 30 June 2016, subject to receiving final unmodified audit clearance from Audit New Zealand.
4. Recommend to Council the adoption of the Annual Report for Wellington City Council and Group for the year ended 30 June 2016 (attached in Attachment 1).
5. Recommend to Council that it delegate to the Chair of the Audit and Risk Subcommittee and Chief Executive the authority to make minor editorial changes that may arise as part of preparing the 2015/16 Annual Report document for publication.

## Background

5. The Local Government Act 2002 requires the Council to prepare and adopt an Annual Report containing audited financial statements within four months of balance date. Section 111 requires the Council to comply with generally accepted accounting practice (GAAP) in preparing the Annual Report
6. GAAP is defined by the Local Government Act to mean:
  - a. approved financial reporting standards (within the meaning of section 8 of the Financial Reporting Act 2013) so far as those standards apply to local authorities and council-controlled organisations; and
  - b. in relation to matters for which no provision is made in approved financial reporting standards (within the meaning of section 8 of the Financial Reporting Act 2013) and that are not subject to any applicable rule of law, accounting policies that:
    - (i) are appropriate to the local authority or council-controlled organisation; and
    - (ii) have authoritative support within the accounting profession in New Zealand.
7. The approved financial reporting standards referred to in section a) above are the Public Sector Public Benefit Entity (PBE) Accounting Standards issued by the External Reporting Board (XRB).
8. Section 99 of the Act requires that the Annual Report must contain the auditor's report on the Financial Statements and Statements of Service Provision and the Council's compliance with the requirements of Schedule 10 of the Act. All requirements of Schedule 10 have been incorporated within the audited sections of the Annual Report.

## Process and Timetable for Adoption of the Council's Annual Reports

9. This section briefly outlines the process and checks that the Audit and Risk Subcommittee (The Subcommittee) has undertaken in forming their view that the Financial Statements and Statements of Service Provision fairly reflect the results of the Council's operations for the year ended 30 June 2016.
10. The adoption process agreed to by the Subcommittee at its meeting on 23 February 2016 is as follows:

<b>Date:</b>	<b>Action:</b>
<b>23 February 2016</b>	<ol style="list-style-type: none"> <li>1. ARS Meeting</li> <li>2. Subcommittee reviewed draft format for the 2015/16 financial statements and approved the proposed sign-off process.</li> <li>3.</li> </ol>
<b>7 June 2016</b>	<ol style="list-style-type: none"> <li>4. ARS Meeting</li> <li>5.</li> <li>6. Subcommittee further reviewed and conditionally approved draft format for the 2015/16 financial statements and the recommended changes to the draft financial overview.</li> <li>7.</li> </ol>
<b>5 August 2016</b>	Consolidated draft financial statements, including results of operations and cash flows for the year ending 30 June 2016,

Date:	Action:
	financial position as at 30 June 2016 and financial overview available for final internal review and management sign off.
<b>8 August 2016</b>	Audit New Zealand commenced final audit fieldwork.
<b>13 September 2016</b>	8. Audit and Risk Subcommittee briefing on draft Annual Report format changes, service provisions, draft financial results including major provisions and issues.
<b>20 September 2016</b>	9. ARS Meeting Subcommittee reviewed consolidated draft financial statements, including results of operations and cashflows for the year ending 30 June 2016, financial position as at 30 June 2016 and financial overview, subject to final Audit New Zealand clearance. Subcommittee also reviewed Statements of Service Provision, report on CCOs and report on mana whenua partnership.  Subcommittee reviewed the draft letter of representation.  Subcommittee recommended adoption of draft 2015/16 Annual Report to Governance, Finance and Planning Committee.
<b>28 September 2016 (scheduled)</b>	10. <b>Governance, Finance and Planning Committee Meeting</b> <b>Committee to recommend adoption of the draft 2015/16 Annual Report to Council.</b>
<b>28 September 2016 (scheduled)</b>	11. Council Meeting Council to adopt draft 2015/16 Annual Report. Management Letter of Representation issued to Audit New Zealand. Audit New Zealand sign Audit Opinion. Media Release – Financial Results for the year ending 30 June 2016.

**Delegated Responsibility of the Subcommittee to Review the Council's Financial Statements**

11. The Audit and Risk Subcommittee has primary responsibility for the review of the Council's annual financial statements. This responsibility is delegated to it by the Governance, Finance and Planning Committee. The overall responsibility for the adoption of the Annual Report remains with Council.

**The Annual Report publication**

12. The Annual Report is one of the Council's core publications. A clear, concise and readily accessible document is important in conveying the organisation's strengths and achievements over the last year.

13. The publication itself will be prepared following Council's approval of the version presented here. A summary of the Annual Report will also be produced following its adoption by Council. The summary, which is subject to audit clearance, will provide an overview of the Council's performance and financial position; outline highlights for each strategy and provide information on key facts about the city.

### Presentation of Financial Statements

#### Format of Financial Statements

14. There have been no significant changes to the format of the financial statements from that presented to the Audit and Risk Subcommittee at the 20 September 2016 meeting.

#### Group Consolidation and Reporting

15. The attached financial statements include both the results of operations of Wellington City Council as a separate legal entity together with Wellington Venues Project and the Council's interests in its joint venture arrangements. The Financial Statements also include the various Group interests in Council subsidiaries and associate entities. A summary of the reporting entity is outlined below.

Reporting Entity	Incorporates	Interest
Council	Wellington City Council (as a separate territorial local authority). Includes: <ul style="list-style-type: none"> <li>▪ Wellington Venues Project</li> <li>▪ Joint Ventures with Porirua City Council: <ul style="list-style-type: none"> <li>○ Spicer Valley Landfill</li> <li>○ Wastewater Treatment Plant</li> </ul> </li> </ul>	100% 21.5% 27.6%
Group	Council (as above) plus: <ul style="list-style-type: none"> <li>▪ Subsidiaries (consolidated on a line by line basis) <ul style="list-style-type: none"> <li>○ Positively Wellington Tourism (PWT)</li> <li>○ Positively Wellington Waterfront (WWL)</li> <li>○ Wellington Cable Car Limited</li> <li>○ Wellington Museums Trust</li> <li>○ Wellington Zoo Trust</li> <li>○ Wellington Venues Limited</li> <li>○ Wellington Regional Economic Development Agency Limited (WREDA) <ul style="list-style-type: none"> <li>- Creative HQ Limited is 100% owned by WREDA</li> </ul> </li> </ul> </li> <li>▪ Associates (consolidated using equity accounting) <ul style="list-style-type: none"> <li>○ Wellington Water Limited</li> <li>○ Chaffers Marina Holdings Limited.</li> <li>○ Wellington International Airport Limited. (WIAL)</li> </ul> </li> </ul>	100% 100% 100% 100% 100% 100% 80% 80% 42.11% 10.52% 34%

16. The Subcommittee has the primary responsibility for the review of the Council's consolidated Financial Statements. This includes both the Council and the Group. The purpose of this section is to highlight the process for consolidating all entities within the



Group, the current status of these entities' Financial Statements and associated audits and any significant financial issues and/or judgments in these Financial Statements.

#### **Preparation of the Consolidated Financial Statements**

17. There are a large number of entities within the Group and tight timeframes for finalisation of the Group Financial Statements. During the planning of the financial statements, finance representatives from each of the entities within the Group are briefed on key year-end deadlines and requirements. Group entities are required to complete the following:
  - Year-end consolidation package.
  - Consolidation / financial statement templates allowing for effective consolidation and elimination of financial information.
  - A letter of representation signed by the Chief Executive.
18. In addition, we require early advice of any significant or material issues arising from the preparation of the financial statements or the completion of the audit. These reporting requirements continue even after the consolidation package has been prepared and submitted to the Council. The Council's finance team is in constant contact with Council Controlled Organisation (CCO) finance representatives to determine the status of their year-end audits, any issues which are arising, and any consequential impact for the Group Financial Statements.

#### **Materiality of the Financial Results of Group Entities**

19. Due to the size and structure of the Group the individual results of operations from each Group entity are unlikely to ever be material, either individually or taken as a whole, in relation to the consolidated Financial Statements. The nature and extent of any individual issues arising from the preparation of the Financial Statements of the Group entity are carefully considered. Where appropriate the Council will exercise its judgment at a consolidated level as to how best to address these issues. At times, this may result in differing treatment of financial issues at an individual entity and Group level. Any differences in treatment of financial issues are outlined in this section.

#### **Results from the Consolidation of Group Entity Financial Statements**

20. In preparing the Group Financial Statements we have consolidated the results set out in the consolidation packages returned in July. Any adjustments made subsequent to the completion of the schedules will be reflected in the consolidated Financial Statements. Most Group entities are now in the final stages of their audit process and no significant matters have been brought to Council's attention

#### **Summary of Adjusted/Unadjusted Amendments to the Consolidated Group Financial Statements**

21. The following summarises the status of amendments to the Financial Statements of group entities subsequent to the preparation of the consolidation packages:
  - Adjusted amendments made to the Group Financial Statements - \$nil
  - Unadjusted amendments to the Council Financial Statements: - \$nil
  - Unadjusted amendments to the Group Financial Statements: - \$263,000
22. We recommend that no adjustment be made for the above amendments as the total amount of unadjusted amendments has an immaterial impact on the Group Financial Statements

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**Management Letter of Representation / Financial Statements Checklist**

23. The management letter of representation is to be signed by the Mayor, Chief Executive (CEO) and Chief Financial Officer (CFO). The letter of representation forms part of the overall audit procedures carried out by Audit New Zealand. The letter of representation will be signed on the same day the Annual Report is adopted by Council and the audit opinion is received.
24. The Mayor, CEO and CFO obtain support for their sign-off through Council business unit managers completing a package of schedules detailing key account balances such as accruals, contingencies and bad debts. These schedules, together with appropriate supporting documentation, are submitted to Finance. Completion of the schedules and review by Finance supports the completeness, accuracy and appropriateness of the Council's financial information. In addition, each business unit manager has returned a letter of representation, which includes specific representations in relation to the financial results of their business units. We have also obtained representation from our Group entities (as noted in paragraph above).
25. The Council's sign-off to Audit New Zealand on our overall legislative compliance programme requires lead managers to sign off to Risk Assurance on their individual legislative compliance requirements. Managers were provided with a matrix summarising:
- Key legislative requirements
  - The consequences for non-compliance
  - Who needs to know and how will they know
  - Training materials and support mechanisms
  - How we know we are compliant.
26. Managers completed a sign-off form confirming:
- The lead manager's acknowledgment of responsibility for key legislation.
  - Information the lead manager holds on each piece of key legislation is complete and up to date, and that systems, processes, training programmes and manuals are adequate for all staff to know their compliance responsibilities.
  - That to the best of their knowledge their key legislation has been complied with and there have been no legislative breaches during the year.
27. Lead managers confirmed compliance with their legislative requirements.
28. These procedures provide the CEO and CFO with positive assurance over the sign-off of the letter of representation.

**Discussion**

**Results of Operating performance for the Year Ended 30 June 2016**

29. The summary of the financial performance of the Council can be found in Finances made simple in Attachment 1.
30. The Council achieved an underlying surplus of \$6.1 million compared to a breakeven budget.

	\$M
<b>Variances of Underlying Surplus to Budget</b>	
Lower Insurance costs funded through insurance reserve	0.8
Dividends in excess of budget (including Wellington Intl Airport Ltd)	1.2
Higher in income from activities	2.4
Higher rates revenue from water meters	1.2
Lower net interest expense	2.1
Insurance premium savings	0.9
Higher personnel costs	(1.7)
Lower contract, services & materials costs	3.6
Higher professional costs	(2.3)
Other net variances	(2.1)
<b>Total underlying funding surplus available to carry forward</b>	<b>6.1</b>

31. The Statement of Comprehensive Revenue and Expense reports a net surplus for the Council's activities of \$34.1 million compared with a budgeted net surplus of \$23.1 million resulting in a favourable variance to budget of \$11.0 million. As summarised in the table below and explained in the Finances made simple in Attachment 1, this variance with the exception of \$6.1 million relates to items not available to offset rates.

2015/16	Actual \$M	Budget \$M	Variance \$M
<b>Reported net surplus</b>	<b>34.1</b>	<b>23.1</b>	<b>11.0</b>
<b>Exclude Non-cash funded items</b>			
Vested Assets	(10.2)	0.0	(10.2)
Fair Value movements	(13.8)	(3.7)	(10.1)
Unrealised fair value adjustment for loans and receivables	(0.4)	(0.6)	0.2
Net (gain) / loss on disposal and impairment of assets	0.4	0.0	0.4
Weathertight homes - movement in provision (separately funded)	12.0	0.0	12.0
Unfunded depreciation	13.7	15.5	(1.8)
<b>Exclude revenue for capital items</b>			
NZTA Subsidy on capital work	(11.6)	(12.7)	1.1
Development Contribution	(2.7)	(2.0)	(0.7)
Housing Upgrade Project Capital Grant and ring-fenced activities	(11.3)	(20.7)	9.4
Bequests, trust and other external funding	(2.1)	(2.0)	(0.1)
Restricted funds	(0.6)	(0.6)	0.0
<b>Other adjustments</b>			
Transfers to provisions & reserves	3.4	3.4	0.0
Weathertight homes funding	(6.7)	(6.7)	0.0
ICT infrastructure project	3.5	2.9	0.6
Odyssey	0.5	1.1	(0.6)
Other	0.1	0.1	0.0
Less variance from Ring-fenced activities	(2.2)	2.9	(5.1)
<b>Underlying surplus</b>	<b>6.1</b>	<b>0.0</b>	<b>6.1</b>

### Annual Report Introduction

32. The key changes to the front end of the Annual Report are:
- We have explained our performance story starting with 'Where we have been' (Long-Term Plan 2015/25), Our 2015/16 Highlights, and 'Where we are going' (Annual Plan 2016/17).
  - Included in the Our 2015/16 Highlights is a discussion about how we supported ourselves to carry out our activities well – looking at activities undertaken such as our people, culture and values, customers and stakeholders, systems and processes, assets and money.
33. The financial section has also been updated into a new format that enables them to be more user-friendly and easier to read. Key changes in the financial statements template are:
- The merging of the Statement of Compliance and the Statement of Responsibility into one statement at the front of the financial statements. This is largely prescribed in what must be stated but it does clearly outline what makes up the reporting entity, what it is that Council has to comply with and who has the responsibility.

- The financial statements have had their note disclosure and relevant accounting policies grouped together into a set format. You will note that the contents page outlines the groupings around each particular financial statement. This is a departure from the traditional groupings of all financial statements together followed by all accounting policies and then all note disclosures. Any general accounting policies that apply to more than one financial statement will be disclosed at the end of the financial section.

#### **Statements of Service Provision**

34. The Statements of Service Provision (SSP) outline what Council has achieved over the past year in relation to the outcomes that were set in the Annual Plan 2015/16 and performance measures and targets for 2015/16. The SSP also provide a narrative around milestone activities that occurred during the past financial year.

#### ***Presentation of the SSP***

35. The SSPs are structured into seven chapters around the activity areas of Council and each chapter deals with each activity in more detail. These include:
- What we do and why: An outline of the scope of our work within the activity area
  - Our key activities: How our activities contribute towards our community outcomes
  - Our key achievements: A description of all our key milestones and activities achieved during the year
  - Our performance: an outline of the results against targets.
  - Finances: A summary of how each activity was funded and a financial table for the cost of each activity with explanations for any notable budgetary variances.
36. This commentary illustrates the wide range of activities that Council delivers on and a gives a sense of progress and performance.
37. Key changes to this section of the report are:
- We have moved the discussion about the performance of Council Controlled Organisations from the Appendices to the relevant activity chapter, and related their work to our community outcomes.
  - We have used a combination of performance indicators and outcome measures to tell our performance story for 2015/16.
  - We have moved all of our outcome indicators from the appendices to a stand alone chapter where they sit alongside our performance measures. This chapter is called 'Measuring Our Performance'. In this chapter we explain, by activity area, our performance in term of our outcome indicators and outcome measures. This chapter includes variance explanations for performance measures within 3 percentage points from its target.
38. Case studies are included in each chapter to give readers a better sense of the depth of some of our projects.

#### **Clearance process**

39. The management letter of representation will be signed by the Mayor, Chief Executive (CE) and Chief Financial Officer (CFO). The letter of representation forms part of the overall audit procedures carried out by Audit New Zealand. The content of the letter of

representation is consistent with that prescribed for use by auditors by the New Zealand Institute of Chartered Accountants.

40. As in previous years, the Subcommittee reviewed the Institute of Directors (IOD)/PricewaterhouseCoopers Director's checklist, together with a legislative checklist covering the Annual Report requirements stated in Schedule 10 of the Local Government Act 2002. These processes assisted the Subcommittee in forming its view that the financial statements for the 2015/16 financial year are fairly stated and provided the Subcommittee with comfort from which to recommend them to the Committee and Council.

## Conclusion

41. The Annual Report prepared for the Committee's review includes the Financial Statements and Statements of Service Provision which have been reviewed in detail by the Subcommittee.
42. The Financial Statements include all known year-end adjustments required in order to fairly reflect the Council's results of operation, cashflows and financial position for the 2015/16 financial period. Further, at the time this report was prepared there were no known issues identified by Audit New Zealand that would materially affect the recognition and measurement of reported balances in the Council's financial statements.

## Attachments

Attachment 1. 2015/16 Annual Report

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Authors	Caron Mounsey-Smith, Contractor Richard Marshall, Manager Financial Accounting
Authoriser	Jeremy Baker, Director Strategy and Communications Andy Matthews, Chief Financial Officer

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## **SUPPORTING INFORMATION**

### **Engagement and Consultation**

No consultation is required for the adoption of the Annual Report.

### **Treaty of Waitangi considerations**

There are no Treaty of Waitangi implications.

### **Financial implications**

There are no financial implications arising from this paper.

### **Policy and legislative implications**

The Annual Report is a requirement under the Local Government Act 2002.

### **Risks / legal**

Failure to adopt the Annual Report by 31 October 2016 will breach the Local Government Act 2002.

### **Climate Change impact and considerations**

None.

### **Communications Plan**

The Annual Report and summary will need to be published within one month of adoption. Copies will be available in the libraries, service centres and on the Council's website, as well as available on request.

### **Health and Safety Impact considered**

There are no Health & Safety implications arising from this paper.

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### Mayor's welcome

This is my final Annual Report as Mayor of Wellington and it has been a privilege to lead the Council for the past 6 years and to have served as a councillor before that. Democratic leadership, skilled staff, positive external relationships and committed volunteers form a powerful model for a modern progressive city. Our strategic vision is straightforward; to grow and promote Wellington as an inclusive, diverse, smart capital where talent wants to live, set in a flourishing natural environment. In the past financial year, Wellington City Council has helped deliver on this vision and I'm proud of the Wellington City Council team who work hard, day in and day out, to achieve that.

The Wellington Regional Economic Development Agency (WREDA), now in its second year, has started to contribute strongly to the region's economic wellbeing. Economic growth will blossom from seeds planted this year through the airport runway extension, the new Singapore Airlines route linking Wellington, Canberra and Singapore plus our agreement to build a marvellous Movie museum and convention centre. The Collider tech hub and 18 million CBD free Wi-Fi logons maximise virtual connections.

Wellington continues to be New Zealand's arts, culture and events capital. Last July, we celebrated 150 years of Wellington being the capital in style with our Open House weekend and a fabulous concert and light show in the grounds of Parliament. We reflected on World War 1 through our continuing WW100 commemorations. The amazing New Zealand Festival and Royal Edinburgh Military Tattoo together attracted over 100,000 visitors and generated \$60 million of new spending from outside the region. We worked with New Zealand Rugby to make sure the Sevens Rugby Tournament stayed in Wellington. Summer City, Diwali, the Korean Festival, Wellington Pacifika Festival and Matariki are some of my favourite events and the second CubaDupa highlighted our upgraded laneways.

Our international connections were further strengthened during the year with the inaugural New Zealand-China Mayoral forum in our sister city Xiamen where we showcased Wellington to major trading and education partners. We opened a New Zealand section in the prominent Seashine Supermarket chain in the Fujian Province and created more opportunities to export food, beverages, education and culture. We've supported a number of film co-production projects.

I am personally very proud of securing Wellington's membership in the 100 Resilient Cities programme. With that additional focus we, and our partners, have continued to make Wellington's resilience to acute shocks and chronic stresses a high priority. We have appointed a Chief Resilience Officer. We were the first council to assess all pre-1976 commercial and apartment buildings for earthquake risk and we have substantially increased the heritage grants to help owners. Wellington Water has built new reservoirs and strengthened existing ones. The Island Bay Seawall was reconstructed, but climate change has many more challenges ahead.

We became a partner in the international Biophilic Cities network in 2013. A biophilic city has abundant nature close to where people live. During this year, the Town Belt legislation was enacted and we laid increased commitment to biodiversity and predator control. We also have more walking and cycling tracks to help people enjoy nature and we've secured government partnerships for an urban cycle network.

With our partners the Energy Efficiency and Conservation Authority, Microsoft and the Energy Management Association, we launched the Smart Buildings Challenge to assist commercial building owners manage and reduce their energy use.

The provision of quality and affordable housing is a key priority for the city. People are enjoying warmer and drier homes as a result of our work with the Crown to upgrade social housing. Most recently we've commenced work on the Arlington social housing complex, a huge undertaking that will transform around 12 percent of our social housing stock. We've also brought together a strategic leadership group, including central government agencies, committed to end street homelessness. Special Housing Areas have catalysed housing projects including Erskine, Shelly Bay and several Housing NZ redevelopments. We extended the living wage to Wellington City Council staff and Council Controlled Organisations.

Importantly, our finances are in a strong position with Standard & Poor's AA rating which enables Council to invest for growth and wellbeing.

Thanks to all the staff, Councillors, contractors, artists, entrepreneurs, volunteers, educators, government agencies and other partners who make Wellington "the coolest little city in the world!"<sup>[1]</sup>

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<sup>[1]</sup> Vogue, September, 2015

### Chief Executive's welcome

2015/16 was the first year of our 2015-25 Long-term Plan. I am pleased to say it has been a successful year and the Council has taken significant steps towards the achievement of our outcomes.

When Council agreed to the 2015-25 Long-term Plan, we knew it was ambitious. It's a \$5billion 10-year budget that makes no cuts or service-level reductions while also setting out a bold plan of action that includes around \$800m of transformative investment over the 10 years. When we consulted on the plan, nearly 70% of Wellingtonians told us they supported modest average annual rate increases of 3.9% over the 10 years to deliver the additional outcomes proposed.

As Wellingtonians, you want us to continue to invest in making Wellington an even more liveable, vibrant and attractive city. You have tasked us with making our assets work more effectively, you've told us you want our infrastructure to be even better and you've told us you want us to help create a growing economy.

This Annual Report sets out clearly and transparently how we did last year. It shows that we lived within our means while at the same time improving the quality and performance of the more than 400 core services we deliver every day.

We have worked hard to make the report readable and accessible for you as stakeholders. The first chapter shows you how we are working towards reaching our goals by showing you where we have been, where we are and where we plan to be, including making the organisation even more fit for purpose.

We have improved our Annual Report by linking our Statements of Service Performance to our outcomes in the City Vision - Smart City 2040; a dynamic central city, an eco city, a people centred city and a connected city. Linking what we do on a daily basis to the outcomes we want to achieve for Wellington demonstrates why, and how well, we do what we do.

We have made our Financial Statements clearer and easier to understand by placing our primary financial statements and their relevant supporting information together.

These improvements reflect our desire to better understand our performance, have the hard conversations – internally and with others – about our priorities and take the decisions necessary to achieve our vision.

Our Annual Report clearly highlights our successes; our core service delivery including water, infrastructure services, kerbside recycling and social housing continue to be sector-leading. We saw economic benefits from strong visitor numbers, hosted 11 major local and international events, our Zoo and Zealandia continue to record strong visitor numbers and we made significant progress on our Movie Museum and Convention Centre proposal. Progress continues to be made on the development of a proposal to extend the airport runway. We completed the revitalisation of Victoria Street and transformed laneways throughout the city.

But we cannot rest on our laurels, and we know we can always do better. Our Annual Report is a balanced-scorecard. The implementation of cycling infrastructure has been a challenge

and lessons are being learnt. We are taking steps to address the areas where your feedback says we are not doing well enough. We are working hard to modernise our ICT infrastructure so we can be more agile and responsive than ever before.

Finally, our financial position remains strong. The Council retains its AA credit rating and, for the first time, Standard & Poors has formally acknowledged that Council's credit rating would be AA+. The AA+ rating cannot be awarded as the Council's credit rating cannot be greater than the Crown's, this is indeed high praise.

I encourage you to engage with us as we implement our work programme in the Annual Plan 2016/17. Together we can transform Wellington into a great city – a place where people from all walks of life will want to come and work, play and live.

**About our Annual Report**

Every year all local authorities are required to present to their community an Annual Report that includes a set of audited financial statements. Our Annual Report sets out what we did last year, why we did these things (the outcomes we hoped to achieve), how much they cost, and how much we achieved. Our Annual Report is adopted by Council on the recommendation of Council staff and our Audit and Risk Committee.

Our Annual Report was audited by Audit New Zealand, and their independent Auditors Report can be found at the end of the document. The Annual Report is available in paper form through our Council Office, our Libraries and Service Centre, or electronically from our website ([insert link](#)).

## Who we are

While we are a body established under the Local Government Act 2002 to carry out specific legislative functions, our overall objective is working to make sure Wellington is a great place to live, work, play and visit.

We work to achieve this through the collective work of our 15 elected representative – the Mayor and 14 Councilors, our staff, and our partners, all working together for our residents, rate-payers, and citizens.

(insert diagram)

It's our Councilor's job to make bylaws, set the city's overall strategic direction, and approve budgets, policies and plans aimed at achieving that direction. Part of their role is to listen to and take the pulse of our community before making decisions.

Our elected representatives are supported by our Chief Executive Kevin Lavery and more than 1500 staff who provide advice, implement Council decisions, and look after the city's day-to-day operations.

We have 77,271 ratepayers and 203,800 residents who are our customers, and contribute to the funding of our activities through property rates. We also provide many services and income from those services also provides critical funding for many of our activities.

### *Our core services and value adding activities*

We carry out a combination of core services and value adding activities. Our core infrastructure and regulatory services and functions include:

- water, wastewater, stormwater and transport network infrastructure
- waste collection and reduction
- urban planning and building regulation
- public health and safety.

We also provide our residents and ratepayers with a number of important services such as libraries, museums, nature reserves, and other recreational facilities and community amenities.

Our value adding activities are things we do in addition to delivering the basics well. These often include initiatives that we undertake with our partners. Their purpose is to strengthen the diversity and resilience of Wellington's economy and enhance Wellingtonians quality of life.

## Our performance story

Our performance story explains the relationships between what we do, why we do it, and how we do it.





The “why” is simply our strategic framework – our vision and outcomes. Our vision is simple – grow and sustain Wellington City as ‘an inclusive place where talent wants to live’. Our four outcomes that will create long term positive change for our community are:

- connected city,
- people-centred city,
- eco-city
- dynamic central city.

We carry out a number of activities to achieve these outcomes in the context of our strengths and challenges.

**Our strengths**

Wellington		Available comparison <sup>1</sup>
89%	% who rate their quality of life as good or very good (2014 Quality of Life Survey)	80% Auckland, 80% Christchurch
38%	% of population over 15 with a university qualification (2013 Census, Statistics NZ)	19% Nationally
\$67,940	Average annual income (\$) (2013 Census, Statistics NZ)	\$54,230 Nationally
4	No of businesses per 100,000 population among NZ’s fastest growing 50 (Deloitte Fast 50)	1.8 Auckland and upper NI
57.5%	% of GDP contributed by smart or creative industries	31.3% Nationally
34%	10-year increase in international visitor arrivals	23% Nationally
86%	% who agree that Wellington’s city centre is lively and attractive (2015 Resident Monitoring Survey)	
6.1t CO <sub>2</sub>	Carbon emissions per capita (2012/2013) (Wellington City and Region Community Scale Greenhouse Gas Inventory 2000/01 – 2014/15)	7.3t CO <sub>2</sub> Auckland

**Our challenges**

Wellington		Available comparison
2.1%	Average annual % GDP growth (last 10 years)** (Infometrics)	2.3% Auckland
1.4%	Average annual employment growth (last 10 years)**	1.5%

<sup>1</sup> Data limitations prevent consistent comparisons



	(Infometrics)	Auckland
1.2%	Average annual business growth (last 10 years)**	1.7%
	(Infometrics)	Auckland
1.0%	Average annual population growth (last 5 years)**	1.8%
	(Infometrics)	Auckland
669	Number of buildings identified as earthquake prone	

These activities are the “what” of our business and are outlined in our Long-Term plan 2015/25 and include the following:

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

They include both our core services and functions and our value add initiatives.

We carry out these activities in the context of the objectives in our Long-Term plan:

- “Investing to grow” through establishing a programme of major projects that grow the economy and deliver returns on investment.
- Investing to maintain and improve existing services, including making infrastructure more resilient and the city’s transport system more efficient.
- Increasing the use of existing assets rather than spending on new infrastructure.
- Improving asset management practices to better manage risk and the timing of asset replacement.
- Achieving ongoing efficiencies from shared services and improved customer experiences.

The way we work as an organisation to achieve our activities is the “how”, and includes: our people, stakeholders and customers, our systems and processes, our money and our assets.

We measure our performance against the ‘what’ activity areas using the measures included in our Long-Term plan 2015-25. These are outlined in the chapter – “Measuring our performance”.

## 2015/16 – Our highlights

### Our key achievements and challenges

We largely completed what we set out to do in our Long term Plan 2015/25. Some key highlights and challenges include:

#### *Governance*

**Democracy and governance:** Our new DigiHub provides timely access to all Council electronic information such as old house drawings or site plans. Our main challenges in 2016/17 are to better engage with our community so they feel more involved in decision making and improve access to our information.

Implementation of our Customer Strategy during 2016/17 will help with this as will continued dialogue with the community. We will put into practice the lessons we learnt when engaging with the community on the Wellington City Urban Cycleways Programme (WCUCP) Island Bay cycleway. We will also build on the positive feedback we received on our social housing engagement for which we won International and Australian awards.

#### *Environment*

**Gardens, beaches and green open spaces:** We invested to maintain and improve existing assets by improving our network of walking tracks and mountain bike facilities. We ran a successful Parks Week, and at the Botanic Garden a successful Summer City and Spring festival. Visitor numbers at the Zoo and Zealandia increased, particularly education visits to Zealandia.

Our challenge in 2016/17 is to continue to work with our new partners to make sure we get back on track to plant two million trees by 2020.

**Waste:** We commercialised our successful start up Kai to Compost Food Waste Collection Service. This means we can better meet the increasing demand for food waste diversion, and extended collection boundaries to Porirua, Upper Hutt, and beyond. We continued to work with other councils' in the region on the Love Food Hate Waste Prevention programme that aims to educate households about how to reduce food waste, save money, and have fun at the same time.

Our key challenge in 2016/17 is to better understand why we aren't meeting our target for residents satisfied with the quality of street cleaning as there has been no increase in complaint numbers.

**Energy conservation:** We launched the 'Wellington 2050 Energy Calculator' which allows our residents to explore how their energy and transport use shapes our carbon footprint. We also insulated 167 homes through our initiative 'Warm Up Wellington' initiative. Our Low-Carbon Challenge brought together innovators to develop initiatives to reduce emissions. Six teams were selected to enter the incubator programme, of which three qualify for match funding with us. We also produced a Low Carbon Capital Plan for 2016 -2018 – a plan we will implement over the next 3 years.

**Water, wastewater and stormwater:** Through a Council Owned Organisation - Wellington Water - we continued to maintain and improve existing water, wastewater and stormwater facilities over the year. We continue to fully comply with New Zealand drinking water standards and maintain the water supply quality gradings from the Ministry of Health. Customer satisfaction with our water supply and wastewater services has increased and our stormwater activities resulted in an increase in the number of days monitored beaches are suitable for recreation use.

Our main challenges in 2016/17 are to better understand residents declining satisfaction with our stormwater services and dry weather wastewater overflows.

#### *Economic*

**Economic development:** To support our growth agenda, we agreed to support a movie museum and convention centre, purchasing the land needed on Cable Street. We supported a number of events that foster economic growth including: the New Zealand Festival (395 performances and 7 world premieres), Beervana, Wellington on a Plate, the World of Wearable Art Show, Elton John, Royal Edinburgh Tattoo, Super Rugby final, All Blacks vs Wales (and Australia), and the ICC World Cup. We also supported art and cultural activities including commemorating the 100-year anniversary of WW1 during Anzac Week, and supported Te Papa during its most successful year with 1,784, 939 visitors attending. Visitor numbers were strong over the year and commercial guest nights. Also over the year logins into our CBD free Wi-Fi increased by 161 percent. Over the year the Basin Reserve Trust significantly exceeded its targets for sport and community events held at the Basin Reserve.

**International relations:** We attended the NZ Mayoral Forum hosted by our Chinese sister city Xiamen (China) which focussed on trade and investment opportunities. To support our growth agenda the Mayor at the forum opened the NZ section of the Seashine Supermarket in Xiamen. On ANZAC day we signed a Memorandum of Understanding with the city of Canakkle – where Gallipoli is located.

#### *Cultural Wellbeing*

**Museums, galleries and visitor attractions:** In addition to the successful high profile events such as the 100<sup>th</sup> anniversary of WW1 noted above, we supported a number of more local events such as Summer City Programme, Capital Christmas and the Wellington Sky show. The Wellington Museums Trust also exceeded its visitor target for the year.

#### *Social and recreation*

**Community facilities and services:** We invested in and maintained existing services by upgrading the Wellington Regional Aquatic Centre, and worked with sports clubs and schools to form community sports hubs at Kilbirnie Park, Alex Moore Park, and Hataitai Park. Our Pools Partnership Fund enabled Wellington East Girls' College, Rewa Rewa School, Berhampore and Kilbirnie Schools to improve their pool facilities. Visits to our recreation centres including the ASB Sports Centre increased from last year. User satisfaction with our library services and facilities has improved since last year. Website visits along with e-library user satisfaction also increased over the year. We continued to support people isolated in our communities including new refugees and extended our successful Local Hosts initiative.

Our key challenges in 2016/17 are:

- usage of our sports and community centres and halls as the variable demand for space over the calendar year often prevents weekly bookings.
- usage of artificial sports fields – peak and off peak. Usage is driven by demand from schools, and demand depends on the unpredictability of the weather and school budgets.

- user satisfaction with grass sports fields as the quality of spaces is often affected by the weather and compares unfavourably to the quality of artificial grass.

In light of our LTP objective to maximise usage of existing assets (rather than spending money on new infrastructure) in 2016/17 we will work to better understand these demand drivers and whether we need to change the way we provide community facilities and services.

**City housing:** We continued to provide affordable city housing (for around 4000 people) and started construction at the Kotuku and Arlington apartments. Our tenants are satisfied with our housing services and facilities and the condition of their houses. We won the regional and national New Zealand Institute of Architects Award for Marshall Court in Miramar. The Marshall Court flats also won the Winstone Wallboards Residential award at the New Zealand Commercial Project Awards.

#### *Urban*

**City planning and development:** Consistent with our objective to invest to maintain and improve, we revitalised a number of public spaces, including a series of public lanes that make the city a livelier place to be. The value of commercial building consents has also increased over the last 3 years.

**Resilience:** We were selected to join the Rockefeller Foundation 100 Resilient Cities programme, from around the world and are developing a Resilience Strategy focussing on earthquake recovery, adapting to sea level rise, quality of life and economic prosperity.

**Regulatory services:** The majority of our customers are happy with our building control services. This reflects the effort we put into our customers to help them through their building consent and associated processes.

Our key challenges in 2016/17 are to improve the timeliness of issuing building consents, codes of compliance and land information memorandums. A combination of training provided to new building staff and improved internal monitoring systems will help with these timeliness issues in 2016/17. We also need to focus on our local suburban centres as our residents don't consider them lively and attractive. Our work on Business Improvement Districts is one way of improving suburban centres. The type of traffic work recently carried out in Johnsonville is another way of addressing the liveliness of other suburban areas.

#### *Transport*

**Roads:** We exceeded our target for the percentage of roads that meet compulsory smooth road standards. The increase in residents and visitors in the city has resulted in more passengers using the iconic Wellington Cable Car.

Our key challenge for 2016/17 is the Island Bay component of the Wellington City Urban Cycleways Programme (WCUCP). The method and level of community engagement on the cycleway resulted in significant unease that impacted on other projects in the WCUCP, and confidence in Council's ability to deliver the WCUCP. A review of the WCUCP commissioned by New Zealand Transport Authority (NZTA) made a series of recommendations for change. In 2016/17 working with NZTA we are refreshing the cycle way programme and our engagement process with the community



Other challenges for 2016/17 were:

- resident satisfaction with the condition of our roads and footpaths and suburban street lighting.
- percentage of the sealed road network that is resurfaced.

Resident dissatisfaction with suburban street lighting is largely a result of power cuts – an issue beyond our control. As failures occur we are upgrading our lights with more reliable LEDs. Resident dissatisfaction with the condition of our roads and footpaths, and the decline in the percentage of local roads being re-surfaced are a result of contractual issues. In 2016/17 we will make sure any shortfalls are resolved.

### **Finances made simple**

This section outlines what our financial results mean to you. For greater detail on our financial performance and position, see the Financial Statements on page **XXX**.

As part of the Long-term Plan 2015–25, we committed to the following approach:

- Do the basics well
- Have sound finances
- An external focus on growing the local economy and rate payer base

The following pages explain how well we've performed in relation to this overall approach.

#### *Doing the basics well*

The Council is doing the financial basics well. We have achieved our goal of a small underlying surplus of \$6.1 million, 1.3% of operating expenditure for the financial year. We are successful if the underlying surplus or deficit is close to breakeven (zero), as our aim is to have operating revenue equal to operating expenditure.

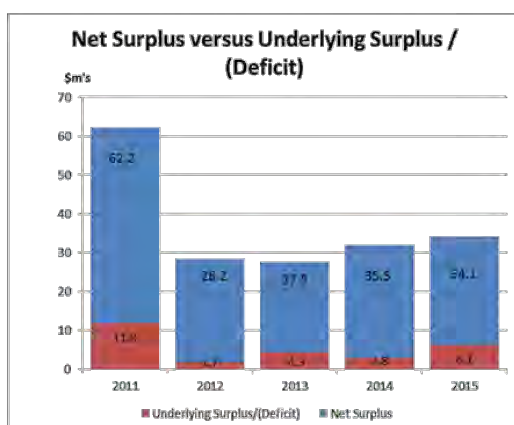
The balanced budget requirement (as per the Local Government Act) is closely linked to the principle of intergenerational equity, the notion that each generation of ratepayers pays their fair share for the goods and services they use.

In order to calculate the underlying surplus, we exclude certain accounting transactions such as vested assets fair value movements and other items which are recognised as revenue but are really capital or non cash in nature. We exclude these because they do not impact on the amount of the rates we collect.

	<b>Actual 2016 \$M</b>	<b>Budget 2016 \$M</b>	<b>Variance \$M</b>
<b>Reported net surplus</b>	<b>34.1</b>	<b>23.1</b>	<b>11.0</b>

<b>Add back Non-cash funded items<sup>2</sup></b>	1.7	11.2	(9.5)
<b>Less revenue for capital items<sup>3</sup></b>	(28.3)	(38.0)	9.7
<b>Other adjustments</b>	(1.4)	3.7	(5.1)
<b>Underlying surplus</b>	<b>6.1</b>	<b>0</b>	<b>6.1</b>

For 4 of the last 5 years we have been consistent in achieving our goal of coming close to breakeven. For instance, in 2016 operating expenditure was \$453.0 million for the year and the underlying surplus was 1.3% of that total.



NOTE: The numbers in the graph above all exclude the movement in the Council's weathertight homes provision as this is being separately funded.

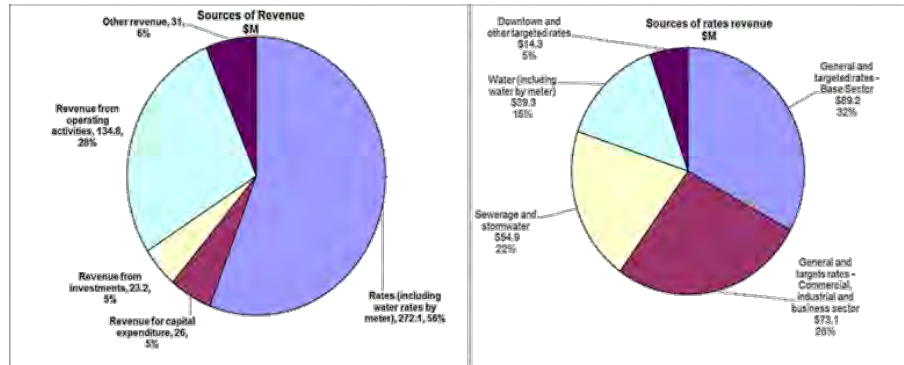
During this time, we have delivered a wide range of services, from resurfacing roads and managing the water network to providing parks, pools, sportfields and libraries at a cost of \$6.05<sup>4</sup> per day per resident.

During the year we received total revenue of \$487.1 million (\$469.9m 2014/15) compared to a budget of \$462.2 million. The difference is largely due to unbudgeted vested assets (which, while not cash in nature, are required to be shown as revenue) and higher than expected revenue from Wellington Venues and our share in joint ventures with Porirua City Council.

<sup>2</sup> Non cash funded items such as Vested Assets (are assets where the ownership of the asset have been transferred to the Council) or Fair Value movements (describes the change in market value for assets that are revalued, these movements are non-cash in nature and primarily relate to annual Investment Property revaluations) are transactions that are non-cash in nature but are required to be recognised as part of the net surplus.

<sup>3</sup> Revenue for capital items refers to subsidies we receive for the construction of capital items such as roads and social housing assets but are required to be recognised as part of the net surplus.

<sup>4</sup> Based on the total rates revenue divided by total number of residents.

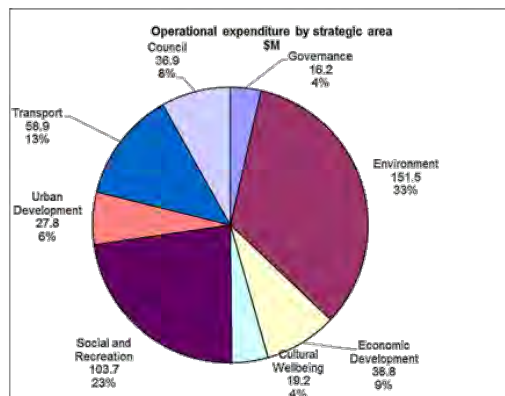


The average increase in rates was 3.9%, as outlined in the Long-term Plan. Rates are our main source of funding, with revenue from operating activities (including user fees) the next largest source. Some of our other sources include revenue from capital expenditure, revenue from interest, and dividends.

In 2016 we received \$272.1 million (\$253.6m 2014/15) of revenue from rates.<sup>5</sup> Rates revenue includes general rates levied on properties and a range of targeted rates including water, stormwater and sewerage rates, along with sector and area-based rates.

As part of doing the basics well, we need to ensure we collect the revenue we have charged. We have achieved this, and only have a small proportion of current rates revenue, 1.8%, still to be collected. This compares favourably with previous years, where the 3-year average and 5-year average is 2.1% of rates revenue.

Our total expenses for the year were \$453.0 million (\$434.3m 2014/15), which represents the cost of running the city during the year. Our activities and their related expenditure are divided into seven strategic areas of focus, as shown in the graph below:



The table below shows the cost for each of the strategic areas per resident per day.

<sup>5</sup> Annual Report, Notes to the financial statements, Note 1: Rates Revenue, page XX

Strategic area	Total cost \$m	Cost per resident per year \$	Cost per resident per day \$
Governance	16.2	79	0.22
Environment	151.5	738	2.02
Economic development	38.8	189	0.52
Cultural wellbeing	19.2	94	0.26
Social and recreation	103.7	505	1.38
Urban development	27.8	136	0.37
Transport	58.9	287	0.79
Council	36.9	180	0.49
<b>Total</b>	<b>453.0</b>	<b>2,208</b>	<b>6.05</b>

To find out more about these strategic areas, see section X Statement of Service Provision.

As discussed above, there is a difference between the reported net surplus and the "Underlying Surplus" due to the exclusion of non-funded and capital-related transactions and what is required to be reported under Financial Reporting Standards. On this basis, we have achieved a \$34.1 million net surplus (\$35.5m 2014/15) compared to a budgeted \$23.1 million – a favourable difference of \$11.0 million. The main variances from budget are discussed in the section following the Statement of Comprehensive Revenue and Expense in the Annual Report on page XX.

We have a comprehensive renewal programme for our assets and have completed \$124.4m (excluding unbudgeted expenditure of \$21.5m relating to the purchase of land for the proposed Movie Museum and Convention Centre) of capital expenditure which equates to 72% of our capital expenditure plan for the year. We will carry forward \$48.0 million into future years to finish what we have started.

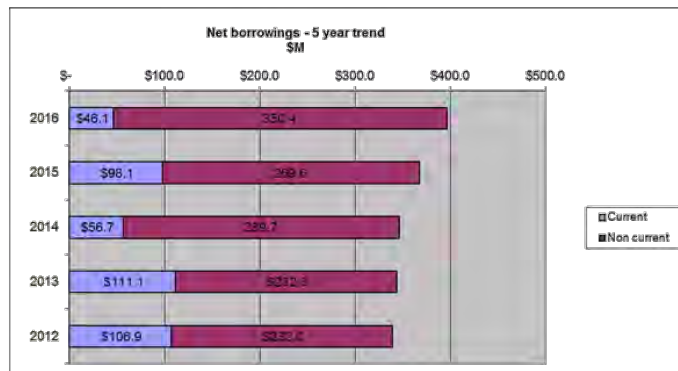
#### *Sound Finances*

There are a number of aspects to being in a sound financial position, and some of them have been covered in the previous section. Central to this, however, is the Council's debt position and future borrowing capacity. Constraints on borrowing could affect our ability to maintain assets or fund growth initiatives.

Net borrowings have increased by \$28.7 million (\$21.3 m 2014/15) during the year to \$396.5 million (\$367.8m 2014/15). Net borrowings are the total borrowings less any cash and cash equivalents and current deposits. The average borrowing per resident is \$1,932 (\$1,844 2014/15). The total net borrowing of \$396.5 million (\$367.8m 2014/15) is less than 82% (80% 2014/15) of our annual revenue and makes up 10% (10% 2014/15) of total assets. This is equivalent to a household with a property value of \$570,000 earning \$70,000 a year, having a mortgage of less than \$57,000.



How much we need to borrow depends on the level of capital expenditure during the year. For 2016 capital expenditure was \$145.9 million, or \$124.4m excluding \$21.5m relating to the purchase of land for the proposed Movie Museum and Convention Centre, (\$146.5m 2014/15) compared to a budget of \$173.8 million. The difference is mainly due to major upgrade projects being delayed, including earthquake strengthening of the Town Hall, and in the city Social Housing programme.



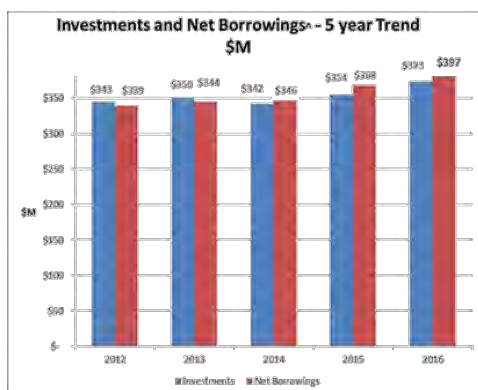
In terms of borrowings compliance, we have maintained our AA rating with the independent credit rating agency Standard and Poor's. The credit rating is a comparative measure of our financial strength. Our AA credit rating is the highest given to any council in New Zealand. Holding and maintaining such a high credit rating provides us with a range of benefits that would not otherwise be available. These benefits include access to lower cost borrowings and a wider range of borrowing alternatives.

As detailed below, we have a very strong financial position based on the following major asset types:

- Property, plant and equipment (including land, buildings, pipes, roads and other infrastructure assets) – \$6,645.9 million
- Other assets (including investment properties and investments in subsidiaries and associates) – \$434.2 million

These assets have increased due to the level of capital expenditure and investment property revaluations. There have been no significant changes in "Other Assets" during the year.

We also continue to maintain a strong investment position when compared with the level of borrowings. The graph below compares the balance of investments and net borrowings over the last 5 years.



<sup>^</sup> Note: Investments comprise investment properties; investment in associates and jointly controlled entities; investment in controlled entities and other financial assets. Net Borrowings comprise current and non-current borrowing offset by cash and cash equivalents.

The value of investments mainly relates to investment properties, our share of the net assets of our associates (including Wellington International Airport Limited) and other financial assets.

We have prudently managed our borrowings to ensure we meet the specified requirements in our Long Term Financial Strategy. Net borrowings at 30 June 2016 are 81% (79% 2014/15) of revenue, within the target of 150% set by the Council and significantly less than 175% limit contained within our Financial Strategy. This is illustrated in section XXXX on page XXXX on Local Government Benchmarks.

Our major liabilities include:

- gross borrowings – \$490.5 million<sup>6</sup>
- other liabilities (including trade and other payables) – \$205.1 million.

There have been no significant changes in “Other Liabilities” during the year.

#### *Growing the local economy and ratepayer base*

We are also focused on developing and implementing our eight “big ideas” as outlined in the 2015/25 LTP to grow the local economy and encourage commercial development. We achieved our budgeted growth in the rating base of 1.2% (1.4% 2014/15). Growth through residential and commercial developments means we can further spread the rates impact of the broad range of services that the Council provides.

The most significant growth initiative we are working on is the new movie museum and convention centre. We have already purchased the land and are now developing plans and budgets for its construction. We have a number of others already under way and these are described in greater detail in section 3, Economic Development, on page XX.

Another measure of growth in the city is the level of development contributions and vested assets to the Council. Vested assets are non-cash in nature – such as roads, streetlights, water, wastewater, and stormwater pipes – that are often the result of sub-division work. The

<sup>6</sup> Annual Report, Notes to the financial statements, Note 22 Borrowings , page XX

Council received \$2.7 million (\$2.1 m 2014/15) of development contributions, and \$10.2 million (\$12.4 m 2014/15) of assets were vested during the year. This takes the level of development contributions and vested assets transferred to the Council to \$37.1 million over the last 3 years.

#### *Overall*

As we have explained, we are sticking to the direction and are delivering on the financial approach contained in our Long-term Plan 2015–25. We have performed well in our stewardship and financial governance role on behalf of the ratepayer. We have managed the finances so the rates requirement has not exceeded what was committed to in the Long-term Plan, and have managed our borrowings in a prudential manner for all ratepayers.

#### **How we supported ourselves to do well**

We will only achieve our outcomes if we work well as an organisation. This means working well internally as well as working well with others – our customers, stakeholders, providers and partners. This is a new section of our Annual Report and is driven by good management practices and the Long-term plan objectives: improving asset management practices to better manage risk and the timing of asset replacement, and achieving ongoing efficiencies from shared services and improved customer experiences.

Over the year we made progress to support ourselves and the achievement of our outcomes. At a strategic level we developed a new operating model and are in the process of developing a roadmap to implement its principles and objectives. This is a business model which places our customers at the centre of what we do, and we will be progressively adapting how we deliver services so they are more customer-centric. We also carried out activities in the following areas:

- **People:** A Health and Well-being Strategy containing well-being programmes. We developed a Leadership Development Programme, focussing on emerging leaders and those who 'lead where they stand'. We also introduced an Integrated Framework for the Delivery of Skills to make sure we have the right skills and competencies across our organisation.
- **Culture and values:** In response to our Climate and Culture Survey we delivered the Crucial Conversation programme and our Leadership Development Programme. We also delivered a Performance Development Framework to improve individual and team performance, and a Health and Safety Plan in response to recent legislative reforms.
- **Customers and stakeholders:** We worked on our Customer Strategy to ensure we provide the services our customers need and the way our customers want them. We also hosted various stakeholder meetings, in particular meetings with our Treaty partners in accordance with our obligations under the Resource Management Act 1999. To connect iwi and the community we provided cultural advice and generally engaged with the wider Maori community.
- **Systems and processes:** We continued working on our Odyssey project which will improve our customer service, reduce IT costs, increase our business efficiency, and position us for future changes in the way we work. OneCouncil is the platform for our transformation and merges our current applications (customer service, land, property, regulatory, assets, finance, human resources and payroll functions) onto a single platform. Phase 1 of OneCouncil comprises the Finance, Assets and Payroll modules, and the Finance and Assets module went live in July 2016. We also implemented TROVE – our new EDRMS and entered into an ICT Shared Service

with Porirua City Council, Upper Hutt City Council and Wellington Water. We also maintained and improved our business continuity plans.

- **Assets:** Our OneCouncil Enterprise Asset Management module which replaces over 20 separate systems and tools went live in July 2016. We introduced the living wage and a social responsibility clause in our procurement contracts.
- **Money:** We primarily focussed on ways to improve financial forecasting from the point of view of continuous improvement.

On balance we made significant progress to improve and enhance the health of our people, culture and values, customers and stakeholders, systems and processes, assets and our money over 2015/16. In the future we will develop 'fit for purpose' measures on each of these areas to report on.

### **Where we are going**

#### **Our Annual Plan 2016/17**

Under the Local Government Act 2002 we are required to adopt an Annual Plan for each financial year. In our Annual Plan 2016/17 we have committed to undertaking work in each of our key activities (the what) in the diagram below. As part of our annual business planning process, we have also committed to a number of activities relating to our people, culture and values, customers and stakeholders, systems and processes, assets and money (the how).

The diagram below outlines the activities we have planned and budgeted to undertake in 2016/17.



**Where we are going – 2016/17**

Activity	Initiatives
<b>Governance</b>	<b>Governance:</b> Local Government Election 2016; Amendment to LTP reflecting Council's decisions on Movie Museum and Convention Centre proposal. <b>Access to information:</b> Ongoing digitisation of Council-held information (Digihub).
<b>Cultural well being</b>	<b>Grants:</b> Financial support to Circa Theatre and technical groups using the theatre and on-going cultural grant funding. <b>Events:</b> New free outdoor events series including music, dance, theatre, circus and digital art; Ongoing maintenance of the Pukeahu National War Museum Park.
<b>Environment</b>	<b>Gardens, beaches &amp; green open spaces:</b> Purchase Zealandia Visitor Centre from Karori Sanctuary Trust and create a Zealandia Council Controlled Organisation; Planning for Harbour escarpment walk that will eventually link Waihinahina Park in Newlands to Kaiwharawhara; On-going renewals of our walkways and tracks and work on our Biodiversity Strategy and Action Plan. <b>Wastewater:</b> Scope feasibility and impact of Council ownership of wastewater pipes that link private houses and businesses to public sewers. <b>Stormwater:</b> Hydraulic modelling of network; upgrades; Stage 1 of the Lyall Bay Foreshore Resilience Plan. <b>Energy efficiency:</b> Implementing our Low-Carbon Capital Plan 2016-18.
<b>Economic development</b>	<b>Events:</b> Wellington Regional Economic Development Agency to focus on activities making Wellington the most prosperous, liveable and vibrant region in Australasia; City Growth Fund – provide \$2.4 million for events, initiatives and partnerships; \$150,000 funding injection to extend free Wi-Fi. <b>Major projects:</b> Pending Council and The Movie Museum Ltd negotiating final terms, construction of the Movie Museum and Convention Centre; A \$5.0 million grant to Wellington Regional Stadium Trust to upgrade Westpac Stadium; Wellington Airport runway extension; Michael Fowler Centre Carpark; School of Music proposal; North Kumutoto and Frank Kitts Park. <b>Business Improvement Districts:</b> Targeted rate to raise \$80,000 on commercially rated properties in Kilbirnie Business Improvement District.
<b>Social and Recreation</b>	<b>Sport &amp; Recreation facilities:</b> Develop a Sport and Recreation Plan; A third artificial turf sportsfield at National Hockey Stadium; An artificial playing surface at former Terawhiti Bowling Club in Karori; Subject to further funding arrangements, redevelopment of the Toitū Pōneke Sports Hub; Maintenance Work on Freyberg Pool; Planning work for the new community playground in Wakefield Park and renewal of various playgrounds . <b>Libraries and community spaces:</b> Johnsonville library – further design work in consultation with the community. <b>Development of individual well-being, safe neighbourhoods and engaged communities:</b> Wellington becoming a UNICEF child and youth friendly city; On-going work on Te Mahana programme for ending homelessness. <b>Social and recreation grants:</b> Funding for projects that will have a positive impact on vulnerable groups, including refugees. <b>City housing:</b> Social Housing Upgrade Programme – new build at Arlington East; Implementation of the Basin Reserve Master Plan. <b>Community centres and halls:</b> Start work on Aro Valley Community Centre and Newtown Community and Cultural Centre. <b>Urban:</b> Street community and place-based programmes. <b>Public health and safety:</b> Fencing of one dog exercise area; Graffiti management; Implementing Smokefree Wellington Action Plan; Renewal of Karori Crematorium and earthquake strengthening of chapels.

Activity	Initiatives
Urban	<p><b>Urban growth:</b> Establishment of an Urban Development Agency to unlock barriers to development potential.</p> <p><b>Public spaces :</b> Upgrades to Lombard Lane, Cable Car Lane and Frank Kitts Park; Tawa Town Centre Upgrade; Urban Activation Fund aimed at transforming streets and laneways in Holland and Garrett Street, Swan Lane; and Installation of three drinking fountains, one at Midland Park, Civic Square and Lower Cuba Street.</p> <p><b>Built Heritage Fund:</b> Funding for the conservation specific work and maintenance work on heritage items.</p> <p><b>Resilience:</b> Development of a programme of work to implement Council's resilience strategy as part of Council's deliberations for the 2018-28 Long-Term plan; strengthening and upgrading of the Town Hall; and beautification work on public spaces.</p> <p><b>Commonwealth Walkway:</b> A pathway that connects 32 monuments, parks, building and historic places along a 9 km loop.</p>
Transport	<p><b>Transport:</b> Working in conjunction with GWRC to expand the range and scope of bus priority measures; in conjunction with NZTA review and refresh the cycle programme and undertake community-focussed engagement; a number of small projects to improve pedestrian flow in CBD; safer speeds project that proposes to reduce vehicle speeds in the central city and key suburban areas.</p> <p><b>Parking:</b> Continue installation of parking sensors using SMART technology; Replacement of Cable Car drive mechanism; and Parking Policy Review.</p>

We also planned the following key initiatives to further support the 'how' of our business.

How dimension	Initiative
People	Health and Safety Plan (Risks, Relationships, Resources); Workforce Planning; Develop capability to support Business Transformation; Strategic Integrated HR Management System; Diversity Management; Youth to Work programme.
Culture and values	Culture and Climate Survey; Employment Value Proposition (employer of choice); and Customer Centric Delivery Model.
Customers and stakeholders	Boost capability and capacity to implement Customer Strategy; Develop resources for staff to ensure best practice engagement; Targeted Operating Model
Systems and processes	Odyssey - OneCouncil payroll module 'go live'; Phase 1b Enterprise Asset Management 'go live'; Prepare modules for customer service, land, property, regulatory and HR functions to go live in following years; Implement our Health and Safety Plan and review our risk controls, safety leadership, worker engagement and reporting and assurance; TROVE – phase 2; and section 17a Service Delivery Review for Cost Effectiveness under the Local Government Act.
Assets	Implement Odyssey Enterprise Asset Management. Module.
Money	Implement Odyssey Payroll module.

### LTP amendment

Early in 2016 the Council consulted with the public on a proposal for the development of a Movie Museum and Wellington Convention Centre which would result in an amendment to our Long-term plan 2015/25. We plan to formalise this amendment later in 2016.




### Statements of Service Provision

This Statements of Service Performance (SSP) outlines the activities and services we have undertaken over the year as well as how well we performed in year one of our LTP.

We have changed the presentation of our SSP this year by telling our performance story with a focus on how our achievements relate to our outcomes. Each Activity chapter now includes a high level strategy map that shows the logic, or line of sight, between our money, the activities we committed to in the, our LTP objectives, and our outcomes. To understand the line of sight between our varying activities, and our outcomes, we shade text within the strategy maps (bold text means solid line of sight). Under each of our key activity areas we carry out a number of sub activities that align to our outcomes. We have included an outcome table under each strategy map to explain the relationship between the sub activity and our outcomes. We call this our outcome statements and we use them to tell our narrative about our key achievements for the year.

Working with others, particularly our own Council Controlled Organisations (CCOs), is a big part of how we will achieve our outcomes. This year we have included information (as a stand-alone table) relating to our CCOs within relevant activity chapters.

To tell our performance story we use our performance measures and outcome indicators from LTP 2015/25. This information is drawn from a wide variety of sources, including our annual Residents Monitoring Survey<sup>7</sup>. Our performance measures include the mandatory non-financial performance measure rules required under the Local Government Act 2002. This year our performance information can be found in the following stand-alone chapter titled 'Measuring our performance'. Where these measures are useful to our performance discussion, we have highlighted this detail in each activity chapter. Our performance in 2015/16 is measured by comparing our actual achievements against the targets we established for each measure in the LTP. We use a traffic light system (red, orange and green) to show whether we achieved our target.

Traffic light		Performance
Green		Improved performance
Amber		Performance on target (within 3 percentage points)
Red		Did not achieve

Percentage point explanations for performance measures are provided for measures within 3 percentage points from target. For our outcome indicators, which often don't have targets, we measure our performance against results in 2014/15 using the same traffic light system.

<sup>7</sup> The Residents Monitoring Survey (RMS) has two parts, both of which are weighted to be representative of Wellington's population in terms of age, gender and ward. All participants are aged over 18, with 760 responses to part 1 and 686 for part 2. The standard margin of error is +/-3.55% for part 1, and +/-3.74% for part 2. Over the last few years, we have made the transition from conducting our Residents Monitoring Surveys using telephone surveys to now conducting them online. Therefore, because of this methodology change, previous results are not directly comparable. Consequently, only three years of data is included for any measures taken from the RMS.

**1.0 Governance**

**Delivering trust and confidence in decision-making**

BY THE NUMBERS

**141,904**

Number of registered voters in Wellington City.

This is an increase from 136, 390 in 2013



*Governance – at a glance*

Outcomes	Connected-City	People-centred city	Eco-city	Dynamic -city
Relevant LTP objectives	<p>"Investing to grow" through establishing a programme of major projects that grow the economy and deliver returns on investment;</p> <p>Investing to maintain and improve existing services, including making infrastructure more resilient and the city's transport system more efficient;</p> <p>Increasing the use of existing assets rather than spending on new infrastructure;</p> <p>Improving asset management practices to better manage risk and the timing of asset replacement</p> <p>Achieving ongoing efficiencies from shared services and improved customer experiences.</p>			
LTP key activities	Governance, information and engagement		Māori and mana whenua partnerships	
Relevant LTP projects	Governing the Region, A partnership approach, Involving residents in decision making, Māori and Mana Whenua Partnerships			
Operational expenditure	Operational expenditure (as per financial summary)			

Good governance (which is democratic decision-making on behalf of our community) and informed engagement with our community are the foundation to the successful achievement of our outcomes. Good governance, informing and listening to residents so we can make decisions that are in the city's best interests, and managing our partnerships with mana whenua (and other groups) ensure we have a local democracy. They also ensure we make quality decisions regarding the activities needed to achieve our outcomes. Our aim is to build trust and confidence in our decisions and delivery.

## 1.1 Governance, information and engagement - Pārongo, kōrerorero whānui me ngā mahi whakataunga

We want to involve people, and maintain their confidence, in our decision-making

We want our information and services to be accessible to our residents

*What we do and why*

The Local Government Act 2002, sets out the decision-making, planning and accountability procedures expected of us. Our decisions need to reflect the services that matter to the community and how much they are willing to pay for them. We need to ensure people are well-informed and can contribute meaningfully to Council decision-making processes. The Public Records Act 2005, requires us to keep a record of our work and provides access to the information we hold. City Archives preserves and makes available a huge range of primary information about the city's history.

Our key activities include:

- *City governance and engagement:* We provide advice, research and administrative support to elected members and community boards. We run local body elections and undertake accountability planning and reporting functions. We also facilitate engagement with the community on key issues, including input from advisory groups on specific areas.
- *Civic information:* Our Contact Centre and website provides 24/7 access to information, including the ability to log service faults.
- *City Archives:* We manage archival information in line with relevant legislation.
- *Māori and mana whenua partnerships:* We maintain formal relationships and work alongside Māori and mana whenua.

These activities are the foundation to the achievement of all our outcomes, and in particular contribute to the following outcome:


Outcome	Outcome statement
People centred city	<ul style="list-style-type: none"> <li>• <b>Enhances trust and confidence in civic decision making and encourages the community to participate in how the city is run.</b></li> <li>• <b>Providing information about the city and its services allows people to use the city's facilities and provides access to information.</b></li> <li>• <b>Our City Archives is a guardian of Wellington's memory. It preserves and makes available a huge range of primary information about the city's history.</b></li> </ul>

*Our key achievements*

**We enhanced trust and confidence in civic decision making and encouraged the community to participate in how the city is run**

Engaging and informing the public are our core business and e-governance continued to be a key focus in 2015/16. With live streaming of Council meetings now well-established, elected members can now use an audio-visual link to take part in Council meetings.


To help residents to participate in how we run the city we introduced an electronic process that speeds up the production of Council and Committee agendas and minutes. However, for the first time since 2013/14 we have not met our 2 working day target. This was because an agenda was delayed to accommodate a late application for a temporary road closure and the issue could not be postponed to the following monthly Council meeting.

Measure	2015/16 Actual Performance	2015/16 Target
Percentage of Council and Committee agendas made available to the public within statutory timeframes (2 working days).	94% 	100%
		2014/15 Performance 100%

Source: Democratic Services


It is also now possible for residents to participate in Council and Committee meetings electronically. During the year we received six ePetitions and 129 people participated.

Whilst we didn't meet our target for residents satisfied with the level of consultation, this rating was the same as last year.

Measure	2015/16 Actual Performance	2015/16 Target
Percentage of residents satisfied with level of consultation	53% 	55%
		2014/15 Performance 53%

Source: WCC Residents' Monitoring Survey

There was also significant decline in resident's satisfaction with their involvement in our decision making.


Measure	2015/16 Actual Performance	2015/16 Target
Percentage of residents satisfied with their involvement in Council decision-making	59% 	75%
		2014/15 Performance 74%

Source: WCC Residents' Monitoring Survey

We will look further into these residents satisfaction with their involvement in decision-making. Our Customer Strategy under development will also help address this.

**We provided information about the city and its services allowing people to use the city's facilities and have access to information**


Our Service Centre continues to be the physical face of Council – but we also respond through a variety of mediums including face-to-face, emails, phone calls, text messages and on-line. Our residents and customers don't get stuck in call queues with over 80% of them being quickly redirected within the business.

Measure	2015/16 Actual Performance	2015/16 Target
Contact Centre calls answered in 30 seconds	80% 	80%
		2014/15 Performance 84%

Source: WCC Contact Centre

Our FIXiT smart phone app improves our residents' access to our services. There has been an increase in the number of FIXiT notifications received over the year which maybe a response to the work we undertook to improve the profile of this channel. During 2015/16 we responded to 289,200 calls, 21,190 emails and 12,328 texts using our FIXiT app.

The number of residents who agree our information is easy to access has improved over the year but we have yet to achieve our target. Further work is under way to improve this.

Measure	2015/16 Actual Performance	2015/16 Target
Percentage of residents who agree that Council information is easy to access	49% 	55%
		2014/15 Performance 48 %

Source WCC Residents Monitoring Survey

**Our City Archives preserved and made available a huge range of primary information about the city's history**

We improved the way we met our legislative obligations to preserve and make available information through our new DigiHub centre.

**Case Study – DigiHub, City Archives**

Over the year we made significant progress in the digitisation of Council-held information. Digitisation reduces damage to our historic records, such as building permits, and makes it easier for the public (who previously had to visit our City Archives building) to access this historical information. It is one of the ways we're moving towards becoming an electronic and paperless office.

In July 2015 City Archives introduced a new Building Consent Search Service. This allows the public to request and receive building consent information through our website for any property in the Council area for a fixed fee.

In early 2016 we set up a dedicated digitisation hub (DigiHub) and now respond to internal and external information requests in digital form. The result is our customers have timely access to our information, as do our staff who can access information through our content management system (TROVE). Since going live on 4 April 2016, DigiHub has prepped and scanned around 3750 files and created just under 240,000 pages of information. This is only 0.5 percent of all the items City Archives holds. We continue to receive positive feedback about this new service, as the process saves time and gives customers a complete record of a property.

"I'd just like to congratulate WCC for implementing the new service for downloading property files (building consent archive plans etc....) and providing a service to burn these direct to CD and courier out to the purchaser. As architects we used to have to spend large amounts of time coming down to WCC archives to review the files, when we really just want all the information available, and then to be able to filter and review it back at our own office, and to be able to go back and review portions of the existing information in future, to make sure we have not missed anything. This new service was fast, efficient and saved us a great deal of time. Thanks, WCC." (Name withheld)

"Just to let you know, we are pretty impressed with the new download method of receiving archive documentation. Very large files have come through with no hiccups & it's very helpful to have all the miscellaneous file information included." (Name withheld)

"The new electronic delivery of archived consent info is a huge step forward." (Name withheld)

***Our performance***

**Quality of the public's involvement in Council decision making:** We didn't meet our targets for residents' satisfaction with the level of consultation and their involvement with decision-making. The percentage of residents' satisfied with the level of consultation was the same as last year. The percentage satisfied with their involvement in decision making was lower than last year. Implementation of our Customer Strategy and new approaches to engagement should help us improve these satisfaction ratings in future.



**Quality and timeliness of residents' access to information:** We didn't meet our target for residents who agree Council information is easy to access although there was a slight improvement from last year. In addition, we didn't meet our target for the percentage of residents who agree our website is easy to navigate and get information from. Again there was a decline in our performance from last year. We will consider how to address better access to our website and Council information in the future.

Further information can be found in the section 'Measuring our performance'.

### *Finances*

How it was funded

Services in this activity are funded mostly through non-targeted rates, with a small portion funded through fees and user charges for Civic Information and City Archives.

What it cost 2015/16

	Actual 2016	Budget 2016	Variance 2016	Actual 2015
<b>Operating Expenditure (\$000)</b>				
<b>1.1.1 City Governance and Engagement 1</b>				
Expenditure	9,433	9,901	468	9,181
Revenue	(29)	(12)	17	(106)
Net Expenditure	9,404	9,889	485	9,075
<b>1.1.2 Civic Information 2</b>				
Expenditure	5,334	5,435	101	5,364
Revenue	(569)	(313)	256	(387)
Net Expenditure	4,765	5,122	357	4,977
<b>1.1.3 City Archives 3</b>				
Expenditure	1,207	1,758	551	1,194
Revenue	(153)	(182)	(29)	(162)
Net Expenditure	1,054	1,576	522	1,032
<b>Capital Expenditure (\$000)</b>				
<b>1.1.1 City Governance and Engagement</b>				
Expenditure	-	-	-	-
Unspent portion of budget to be carried forward	N/A	-	-	N/A

1 Under budget due to savings in internal costs regarding the elected members and marketing costs associated with the Our Wellington programme.

2 Under budget due to higher internal labour recoveries which also drove lower organisational cost allocations.

3 Under budget due to lower than planned personnel and asset purchasing costs.

## **1.2 Māori and mana whenua relationships - Whai wāhitanga Māori (tae noa ki te mana whenua)**

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

### *What we do and why*

We recognise our obligations under the Treaty of Waitangi, and our responsibilities under the Local Government Act 2002, by fostering partnerships with mana whenua (local iwi) and relationships with the wider community.

We ensure the special position of mana whenua Ngāti Toa Rangatira and Taranaki Whānui ki te Upoko o te Ika is acknowledged and reflected in the way we make decisions about the city and its resources. We also ensure their contribution to Wellington's heritage and future is fully and publicly acknowledged. We work with mana whenua to explore opportunities for the city emerging from settlement of their Treaty of Waitangi claims, and engage with the wider Māori community in particular on issues of specific interest to them.

Other activities include:

- Maintaining formal relationships with two mana whenua partners
- Facilitating opportunities to contribute to local decision making.

These relationships are fundamental to the achievement of all our outcomes, and in particular contribute to the following outcome:

Outcome	Outcome statement
People centred city	<ul style="list-style-type: none"> <li>• Promotes inclusiveness, celebrates social and cultural diversity and enables us to respond to the needs and aspirations of Māori</li> <li>• Enhance the visibility of Māori culture and history by telling the story of Wellington's Māori</li> </ul>

**Did you know?**

Wellington was the first New Zealand city to host a parade to celebrate Te Reo for Te Wiki o Te Reo Māori in 2016.

*Our key achievements*

**We promoted inclusiveness, celebrated social and cultural diversity enabling us to respond to the needs and aspirations of Māori**

We promoted inclusiveness and celebrated our cultural diversity by supporting a number of community events. For Te Wiki o te Reo Māori in July 2015, we hosted or supported three free events: Toi te Kupu at the City Gallery; Te Awa-a-Taia Roller Disco at Kilbirnie Recreation; and we ensured that Te Raukura the Wharewaka o Pōneke and Pipitea marae were able to take part in Open House – our celebration of Wellington being the capital for 150 years. Te Rā o Waitangi (6 February) at Waitangi Park included local kapa haka performances. Our co-host, the Port Nicholson Block Settlement Trust, opened the Waitangi Day celebrations alongside local elected members. We also supported the Ngā Manu Kōrero regional and national speech contests.

We supported Te Kāhui Kaiako Māori o te Whanganui-a-Tara (Wellington to Otaki Māori Secondary Schools Teachers Association) who hosted the regional speech contest at Te Papa. At the national speech contest, also hosted in the Wellington region, we supported the attendance of city colleges' at the Te Rauparaha Arena contest in Porirua.

In September 2015, we supported the Mayor's Tuia Young Māori Leader, Māia Huriwaka to host her Kāi-a-te Rangatahi event at Te Raukura – the Wharewaka o Pōneke. This event highlighted Māori who are working in challenging industries and celebrated their Māori identity in their work. We also promoted inclusiveness and celebrated our cultural diversity simply by maintaining formal relationships with our two mana whenua partners, and other Māori stakeholders. How we maintained these relationships, and how well we performed are discussed in the section "How we supported ourselves to do well".

**We enhanced the visibility of Māori culture and history by telling the story of Wellington's Māori**

We told the story of Wellington's Māori by officially naming Whairepo Lagoon. Working with the Port Nicholson Block Settlement Trust the Whairepo Lagoon, adjacent to the Te Raukura the Wharewaka o Pōneke, was officially named 'Whairepo'. This is the Māori name for the eagle ray that feeds and shelters in the lagoon. The eagle ray is considered kaitiaki (guardian). We celebrated our diversity and improved the visibility of Māori culture by helping with Matariki celebrations, together with a number of organisations. Matariki dates are dependent on the lunar moon and the rising of the Matariki constellation in 2015 occurred throughout June. Over 100 events were held across the region, and we supported the Purapurawhetū free concert at the Opera House (17 June). This was the third successful Matariki Wellington Festival (matarikiwellington.org) with funding from the Regional Amenities Fund. We also welcomed the Welsh to Wellington - dragon meets taniwha. The Welsh rugby team was in town during Matariki and we welcomed them with a pōwhiri at Pipitea marae. Local iwi representative Holden Hohaia said of the visitors, "When we think of Wales and their history and legends compared to our own, they are very similar. It's wonderful to take a traditional perspective on things. It takes us back to our roots. I think it's a beautiful symbolism of our two cultures."

*Our performance*

**Health of our relationship with mana whenua:** mana whenua were 'satisfied' with Council relationships. This is consistent with the result over the last two years.

**Engagement with Maori residents:** Maori residents satisfaction with their involvement in decision making didn't meet its target. Further detail can be found in the chapter titled 'Assessing our Performance'.

*Finances*

How it was funded

Services in this activity are funded through general rates.

What it cost 2015/16

Operating Expenditure (\$000)	Actual 2016	Budget 2016	Variance 2016	Actual 2015
<b>1.2.1 Māori and Mana Whenua Partnerships</b>				
Expenditure	274	282	8	202
Revenue	0	-	0	(10)
Net Expenditure	274	282	8	192

**Governance – overall summary**

Our governance activities were carried out as planned for year one of the LTP. To improve residents' satisfaction with levels of consultation and involvement in decision making further work is needed through our developing Customer Strategy and new approaches to engagement. Work is also required on the ease of access to information in relation to our services. Our new Digihub initiative has been very successful. Our governance support for Council decision making, elections and Councillors continues to support the achievement of our outcomes.

## 2.0 Environment

### Protecting and enhancing Wellington's environment

BY THE NUMBERS

**24.5 billion litres per day**

Total residential and commercial water consumption. A decrease from 26.6 billion litres per day in 2015<sup>8</sup>

**99km**

Wellington coastline – a variety of sandy beaches and rocky shores and the city enclosed around the harbour<sup>9</sup>

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<sup>8</sup> Wellington Water Ltd

<sup>9</sup> WCC Wellington City Profile – Key Facts about the City



*Environment - at a glance*

Outcomes	Connected-City	People-centred city	Eco-city	Dynamic -city
Relevant LTP objectives	<p>"Investing to grow" through establishing a programme of major projects that grow the economy and deliver returns on investment;</p> <p>Investing to maintain and improve existing services, including making infrastructure more resilient and the city's transport system more efficient;</p> <p>Increasing the use of existing assets rather than spending on new infrastructure;</p> <p>Improving asset management practices to better manage risk and the timing of asset replacement; and</p> <p>Achieving ongoing efficiencies from shared services and improved customer experiences.</p>			
LTP key activities	<p>Parks, gardens, beaches and green open space</p> <p>Waste reduction and energy conservation</p>		<p>Water, Wastewater and Stormwater</p> <p>Conservation attractions</p>	
Relevant LTP projects	<p>Understanding impact of climate change; Low-Carbon; Our contribution to climate change; Southern landfill; Understanding key infrastructure; Managing harm from stormwater; Interactive children's garden; Te Motu Kāurangi / Miramar peninsula; Our natural capital and Freedom camping</p>			
Operational expenditure	<p>Operational expenditure (as per financial summary)</p>			

The quality of Wellington's environment depends on us all – the Council, residents, business, industries, regional and central government and others. We are a regulator, funder and a provider of services. We work in partnership with local communities, businesses, volunteer organisations and all levels of government.

We are responsible for vital services such as water supply, waste reduction and disposal, and wastewater and stormwater services. These networks are managed by the Council Controlled Organisation – Wellington Water.

We manage our open spaces such as the Town Belt, Outer Green Belt and our city's beaches and coastline. We fund conservation attractions such as Zealandia and Wellington Zoo. These attractions are also managed as Council Controlled Organisations.

We fund all of these services because they are important to the lives of individual Wellingtonians and to the community as a whole. They ensure that the city is safe and liveable, that basic human needs are met, and they minimise harmful effects from human activity. They also provide recreation opportunities, attract visitors, and make the city a beautiful place to live.

## 2.1 Gardens, beaches and green open spaces - Ngā wāhi wātea me ngā mahi papa atawhai

We manage the city's natural environment and gardens in ways that balance conservation and enhancement with opportunities for enjoyment and recreation

### *What we do and why*

Wellington is surrounded by nature. We preserve the city's unique environment and protect and restore its biodiversity. A high-quality natural environment enhances the city's unique 'sense of place' and provides attractive, safe and accessible spaces for leisure and recreation. Our aim is to enhance enjoyment of these areas.

Our activities include providing:

- Over 4,000ha of parks, reserves and beaches
- 200 buildings for community use
- 365km of walking and mountain bike tracks
- Over 200,000 m<sup>2</sup> of amenity bedding and horticultural areas
- Boat ramps, wharves, seawalls and slipways
- Enhancement and protection of our biodiversity (pest management).

Over the year these activities helped us achieve the following outcomes:

<i>Outcome</i>	<i>Outcome statement</i>
<i>People centred city</i>	<ul style="list-style-type: none"> <li>• <b>Beaches and coastal areas provide high quality natural spaces for leisure and recreation</b></li> <li>• <b>The Botanic Gardens enhance Wellington's unique 'sense of place'</b></li> <li>• <b>Community environmental initiatives that we fund improve the quality of our natural environment, and make the city a better place to work, live and play</b></li> <li>• <b>Protecting biodiversity improves the quality of our environment making the city a better place to work, live and play</b></li> <li>• <b>A clean inner harbour and waterfront area enhances Wellington's unique 'sense of place, making it a great place to live</b></li> </ul>
<i>Connected city</i>	<ul style="list-style-type: none"> <li>• <b>By supporting community environmental initiatives we support bringing people together and encourage community spirit</b></li> <li>• <b>Walkways provide attractive, safe, and accessible opportunities for leisure and recreation, connecting people with each other and the environment</b></li> </ul>
<i>Eco-city</i>	<ul style="list-style-type: none"> <li>• <b>Pest management is important for biodiversity and protects native flora and fauna</b></li> </ul>

### *Our key achievements*

**We carried out work in our local parks, open space and our walkways that enhanced Wellington's unique "sense of place" making Wellington a great place to work, live and play**

We improved access and opportunities in parks and open spaces. We acquired the inner city park - Flagstaff Hill - and created a fenced dog exercise area next to Ian Galloway Park.

#### **Did you know?:**

We own and maintain 188 square metres of open space per capita or 3,833 hectares.

During Parks Week, working with our partners, we ran over 35 events which were attended by over 4000 people. We also supported our horticultural apprentices in a project called

Hidden Gardens, in which gardens were planted in “hidden” areas across the city. This very successful event allowed us to support our emerging talent, promote some forgotten corners of the city, and get people out exploring our open spaces. Working with Porirua City Council we made progress on a master plan for the Porirua Outdoor Recreation Park (including Spicer Forest).

We continued to connect, engage and inspire people at “Wellington Gardens”. This is the new name for the Botanic Garden, Otari-Wilton’s Bush, Truby King House and Garden and Bolton Street Cemetery. We rebranded this year so we can better explain, leverage and promote each garden. At the Botanic Garden we began construction of Phase 1 of the Children’s Garden. We also worked with our partners (Nature Connections) to deliver a successful summer season promotion, including a successful trial of food trucks. We held another successful Spring Festival (which included Kids Day Out) and a ‘Meet the Curator’ annual rose pruning demonstration. Visitor numbers were down at the Botanic Garden a result of inoperable visitor counters caused by insect infestations. With the successful cruise ship season and summer over 2015 visitor numbers are thought to be well over 1.2 m.

At Otari-Wilton’s Bush we hosted the New Zealand Festival’s event ‘For the Birds’ which was attended by over 10,000 people. Our Otari-Wilton’s Bush staff completed a plant collections trip in Marlborough to fill gaps in the Otari collection, and collect seed for the New Zealand Indigenous Flora Seedbank. We want to recognise and celebrate one of our Curators, Karl Noldan, who was placed third in the National Young Horticulturist of the Year competition.

We continued to use Wellington Gardens to educate residents and visitors. Our new educator started providing environmental education to schools and delivering structured school holiday programmes.

#### **Case study**

Our staff at Otari-Wilton’s Bush are actively contributing to the conservation of New Zealand’s unique plant biodiversity, both locally and nationally. Staff grow endangered plants to be returned to the wild, and collect and deposit seeds into the New Zealand Indigenous Flora Seed Bank (NZIFSB), based in Palmerston North.

Among others, a success story from 2015/2016 was returning a sand daphne (*Pimelea actea*) to the Whanganui coast in partnership with the Department of Conservation. The endangered status of this sand daphne is nationally critical, the highest category of threat in New Zealand – the same threat category as kākāpō. After 2 years of propagating the plants at Otari we were able to return 31 to Castlecliff, Whanganui. Here the sand daphne is considered extinct after an erosion event destroyed the previous population of plants. We now have a further 200 plants that will be returned to Whanganui in 2016/2017.

Otari staff also contribute annually to the NZIFSB. The aim of the NZIFSB is to collect seeds of New Zealand flora to conserve plant species under threat – for example, from disease, habitat destruction, or predation. Withdrawals are possible for reintroduction of species and for research projects that will help conserve the species. Four of our staff received seed collecting training, facilitated by the Millennium Seed Bank, Kew, England.


Once collected, seeds are deposited and stored in freezers at minus 20° Celsius. Banked seeds can remain viable for decades, if not longer; a typical collection aims for an ideal deposit of 10,000 seeds per species.

Otari-Wilton's Bush is also hosting seed bank workshops for volunteers who assist with seed cleaning and packaging, and will house a duplicate storage facility for some seeds from the seed bank

We improved our network of walking and mountain bike tracks. We worked with the Capital BMX Club to complete stage 1 of a BMX facility next to Ian Galloway Park, and constructed a new grade 2 bike trail at Karori Park. To promote the capital as a key mountain biking destination, and highlight the main reserves where this activity is popular, we made a series of five Mountain Biking Videos <http://wellington.govt.nz/recreation/enjoy-the-outdoors/mountain-biking>.

We carried out further work to upgrade our Town Belt including work on various trails and signage on Mt Victoria/Matairangi Town Belt and the Town Belt entrance from Hanson Street. We also played an integral role in the passing of the Wellington Town Belt Legislation 2016 which gives us responsibility to manage the Town Belt as a public recreation ground for the people of Wellington. Our most popular walkways are now included in a new brochure, Wellington Walks, which has proven very popular with over 30,000 copies distributed.

Our residents' perceptions that the natural environment is appropriately managed and protected has marginally improved since last year.

Measure	2015/16 Actual Performance	2015/16 Target
Residents perception that the natural environment is appropriately managed and protected	79% 	N/A
		2014/15 Performance 78%


Source: WCC Resident Monitoring Survey

**We ensured our beaches and coastal areas provide high quality natural spaces for leisure and recreation**

We replenished the sand at our very popular Oriental Bay bringing the beach back to its 2003 sand levels.

**We funded community environmental initiatives to raise awareness of environmental issues and improve environmental outcomes**

We acknowledge we can't protect the environment on our own and we ran six workshops to develop capacity in our environmental volunteers in the following areas: propagation, seed collection, pest animal trapping, citizen science and health and safety. There has been a significant increase in hours worked by volunteers over the year.


Measure	2015/16 Actual Performance	2015/16 Target
Hours worked by recognised volunteer groups and botanic garden volunteers	45,009 	N/A
		2014/15 Performance 43,880

Source: WCC Parks and Recreation



We also gave 37,182 plants to the community for planting and the community planted an additional 18,000 plants. We celebrated Arbor Day by planting trees at Spicer Forest with over 160 children from Tawa and Porirua schools.

We did not meet our targets for planting two million trees by 2020 or our integrated pest and weed control on high value biodiversity sites. We were behind to plant two million trees because we lost our major partner (Greater Wellington Regional Council) who reprioritised their funding. We are now working with new partners and expect to achieve our target over time. We are below our performance for integrated pest and weed control on high value biodiversity sites because we spent the year planning for our animal pest control programmes. As a result we expect to exceed this biodiversity target in 2016/17.

Measure	2015/16 Actual Performance	2015/16 Target
We will plant two million trees by 2020	1,345,773 	1,389,777
		2014/15 Performance N/A New in the Long-Term plan


Source: WCC Parks and Recreation

Did you know:

Through our Living City Fund we supported 22 projects with \$50,282 of grants ranging from citizen science projects, local community gardens, volunteer groups in parks and reserves, and workshops. We also provided funding support to the Sustainability Trust who through their new Forrester Lane Eco Centre support various programmes around urban agriculture. <http://wellington.govt.nz/services/community-and-culture/funding/council-funds/our-living-city-fund>.

**We protected our biodiversity improving the quality of our environment making the city a better place to work, live and play**

We cleared wilding pines from over 40 hectares of regenerating native vegetation throughout our parks and reserves. We are well below our performance last year for integrated pest and weed control on high value biodiversity sites. This is because we spent the year planning for our animal pest control programmes. Our Annual Plan 2016/17 includes a focus on our biodiversity strategy and action plan. We expect to significantly exceed our biodiversity target in 2016/17.

Measure	2015/16 Actual Performance	2015/16 Target
The percentage of high value biodiversity sites covered by integrated animal pest control or weed control	52% 	55%
		2014/15 Performance 67%

Source: WCC Parks and Recreation

We also enhanced Wellington's biodiversity through our Otari-Wilton's Bush staff plant collections trip to Marlborough noted above.

Our first livestream video of wildlife - KakaCam - had massive engagement with over 65,000 views, and a total viewing time of 2.5 years - averaging 21 minutes per view.

<http://wellington.govt.nz/services/environment-and-waste/environment/biodiversity/kaka-cam>).

#### *Our performance*

**The quality of our open spaces:** We had a successful year in our newly branded Wellington Gardens with well attended events at both the Botanic Gardens and Otari-Wilton's Bush. We didn't meet our target for the number of residents who were satisfied with the quality and maintenance of our natural environment. Our performance on this measure was lower than last year, and this will be an area of focus in the future.

**The quality of street cleaning services:** Resident's satisfaction with the quality of street cleaning was higher than last year but below our target. While reported satisfaction did not meet our target, this was not reflected in an increase in complaints.

**The quality and quantity of work we undertake to protect biodiversity:** With the loss of our project partner, Greater Wellington Regional Council, we were behind our target for planting two million trees by 2020. Our new partners mean we are now on track to achieve this target. We spent the year planning animal pest control programmes, and expect to significantly exceed this biodiversity target in 2016/17.

**The success of our investments in conservation attractions:** Visitor numbers at the Zoo and Zealandia continue to grow, with a significant increase in visitors at Zealandia.

Further detail can be found in the section titled "Measuring our performance".

#### *Finances*

How it was funded

Services in this activity are funded through a mixture of general rates and user charges.

What it cost 2015/16

	<b>Actual 2016</b>	<b>Budget 2016</b>	<b>Variance 2016</b>	<b>Actual 2015</b>
<b>Operating Expenditure (\$000)</b>				
<b>2.1.1 Local Parks and Open Spaces 1</b>				
Expenditure	7,851	8,755	904	8,497
Revenue	(501)	(415)	86	(608)
Net Expenditure	7,350	8,340	990	7,889
<b>2.1.2 Botanic Gardens</b>				
Expenditure	4,852	4,752	(100)	4,883
Revenue	(408)	(387)	21	(417)
Net Expenditure	4,444	4,365	(79)	4,466
<b>2.1.3 Beaches and Coast Operations 2</b>				
Expenditure	1,023	1,409	386	996
Revenue	(53)	(51)	2	(50)
Net Expenditure	970	1,358	388	946
<b>2.1.4 Roads open spaces</b>				
Expenditure	8,044	8,147	103	8,204
Revenue	(634)	(695)	(61)	(614)
Net Expenditure	7,410	7,452	42	7,590
<b>2.1.5 Town belts 3</b>				
Expenditure	4,491	4,664	173	4,283
Revenue	(358)	(250)	108	(1,425)
Net Expenditure	4,133	4,414	281	2,858
<b>2.1.6 Community environmental initiatives</b>				
Expenditure	739	743	4	634
Revenue	(18)	-	18	(1)
Net Expenditure	721	743	22	633
<b>2.1.7 Walkways</b>				
Expenditure	532	582	50	569
Revenue	-	-	-	-
Net Expenditure	532	582	50	569
<b>2.1.8 Biodiversity (pest management)</b>				
Expenditure	1,673	1,705	32	1,663
Revenue	(32)	(38)	(6)	(76)
Net Expenditure	1,641	1,667	26	1,587
<b>2.1.9 Waterfront Public Space 4</b>				
Expenditure	5,404	1,737	(3,667)	7,726
Revenue	(7,026)	(301)	6,725	(6,932)
Net Revenue	(1,622)	1,436	3,058	794
<b>Capital Expenditure (\$000)</b>				
<b>2.1.1 Local Parks and Open Spaces 5</b>				
Expenditure	1,368	1,089	(279)	1,116
Unspent portion of budget to be carried forward	N/A	702		N/A
<b>2.1.2 Botanic Gardens</b>				
Expenditure	405	405	0	681
Unspent portion of budget to be carried forward	N/A	28		N/A
<b>2.1.3 Beaches and Coast Operations</b>				
Expenditure	242	227	(15)	613
Unspent portion of budget to be carried forward		-		
<b>2.1.5 Town belts 6</b>				
Expenditure	197	115	- 82	106
Unspent portion of budget to be carried forward	N/A	20		N/A
<b>2.1.7 Walkways</b>				
Expenditure	565	550	- 15	624
Unspent portion of budget to be carried forward	N/A	-		N/A

1 Under budget due to savings in depreciation on park buildings.

- 2 Under budget mainly as grant funding for the Lyall Bay Surf Club was not paid as the club is still fund-raising for their new building.
- 3 Under budget due to unbudgeted vested asset revenue and savings in interest costs.
- 4 Under budget due to favourable revaluation of waterfront property.
- 5 Under budget due to the timing of spend on the Children's Garden project at the Botanic Gardens
- 6 Over budget due to unbudgeted spend on landscaping works at the halfway house which were funded through monies received from the electricity industry for use of Council land.

## 2.2 Waste reduction and energy conservation - Whakaiti para, hangarua me te pena pūnga

Sustainability is about meeting our needs now without burdening future generations.

### *What we do and why*

A sustainable city uses resources efficiently, re-uses or recycles them, and only commits them to landfills as a last resort. Sustainability is about reducing the amount of energy we use and using clean energy from renewable sources. It is also about promoting a culture that values the environment and encourages pro-environment behaviour of everyone who lives, works or plays there.

We manage and monitor:

- landfill operations including composting waste at the Southern Landfill
- domestic recycling and rubbish collection
- the environmental impacts of closed landfills
- programmes to educate residents to manage and minimise waste effectively
- energy efficiency and conservation
- greenhouse gas emissions

Over the year these activities contribute to the following outcomes


<i>Outcome</i>	<i>Outcome statement</i>
People centred city	<ul style="list-style-type: none"> <li>• <b>Collaboration between the Council and the community to reduce waste, and increase recycling, promotes community ownership of the sustainable management of the environment</b></li> </ul>
Eco-city	<ul style="list-style-type: none"> <li>• <b>Reduced waste, increased waste recycling, and organic composting, minimises the use of landfills and promotes sustainable management of the environment</b></li> </ul>

### *Our key achievements*


**We collaborated with the community to reduce waste, and increase recycling, to promote community ownership of sustainable management of the environment**

To reduce waste and increase recycling we developed an Event Recycling Guide for recycling at public events. We also now provide 15 event recycling bins (and hoods) that are available for free at public events. These bins will help reduce the cost of recycling services at public events and use the national recycling colours: yellow for recycling, red for landfill, green for organics and blue for glass. Already used at a series of Island Bay events, feedback from residents and event organisers was positive.



Measure	2015/16 Actual Performance	2015/16 Target
Percentage of residents satisfied with recycling services	84% 	85%
		2014/15 Performance
		86%

Source: WCC Resident Monitoring Survey

Measure	2015/16 Actual Performance	2015/16 Target
Percentage of residents satisfied with waste collection services	85% 	90%
		2014/15 Performance
		85%


Source: WCC Resident Monitoring Survey

**We reduced waste, increased waste recycling and organic composting, to minimise the use of landfills and promote sustainable management of the environment**

We transferred, to EnviroWaste, our successful seed funded 'start up' Kai to Compost Food Waste Collection Service. This allowed us to better meet the increasing demand for food waste diversion, and extended collection boundaries to Porirua, Upper Hutt, and beyond. Since the transfer of ownership in December 2015, our Composting Operations experienced a 10% increase in the volume of food waste.

Food waste collected from businesses in our city continues to be processed through our Capital Compost operation, at the Southern Landfill, with EnviroWaste paying disposal fees. To assist the commercialisation of the above 'start up', EnviroWaste will be subsidised through to 2017 provided they meet food waste volume targets.

To minimise waste, our Waste Minimisation Seed Fund offers funding of up to \$70,000 per year. The fund supports residents becoming leaders in the development of innovative solutions for reducing waste volumes in landfills. The fund targets priority waste streams, reduction in harm to the environment, and improved efficiency of resource use. It does this by supporting new initiatives that complement and enhance existing programmes or address gaps or opportunities. Over the year funding was approved for six medium/ large scale projects including: Wellington Hospital and Cuba Street waste audits, the NZ Post corporate uniform end-of-life initiative, the Newtown and Island Bay Festivals, and CupaDupa. Funding was also approved for smaller projects including: a play centre compost system, development of a website by a high school to encourage reuse of unwanted local construction waste, and an educational compost programme for early childhood schools. The fund comes from landfill levies collected by the Ministry for the Environment and is consistent with Wellington's Waste Management and Minimisation Plan (2011-2017).

Measure	2015/16 Actual Performance	2015/16 Target
Waste diverted from landfill	17,431 tonnes 	16,500
		2014/15 Performance
		18,048

Source: WCC Waste Operations

To reduce food waste we continued to work with Councils in the region on a programme developed under the regional Waste Education Strategy - the Love Food Hate Waste Prevention programme. The programme focuses on food waste, an area considered by all councils as important to manage. Launched on 1 June 2016, the 3-year programme aims to educate households about how to reduce food waste, save money, and have fun at the same time. The project is funded by Councils and the Ministry for the Environment.

**Did you know?:**

On average Kiwi families throw out \$560 of avoidable food waste every year, totalling \$872 m nationally! Every year 20 m loaves of bread are thrown out by households alone!

Find out more at [LoveFoodHateWaste.co.nz](http://LoveFoodHateWaste.co.nz)

**We focussed on energy efficiency for households and businesses to reduce costs and greenhouse emissions**

We launched the 'Wellington 2050 Energy Calculator' and are the first city in New Zealand and the second city in the world, following Beijing, to launch one. The calculator allows Wellingtonians to explore how energy and transport choices will shape the city's carbon footprint, and inform the update of our Climate Change Action Plan.

We contributed to the warmth, health, and energy efficiency of Wellington homes through 'Warm up Wellington' - a partnership (with Capital and Coast DHB, EECA, Hutt Mana Charitable Trust, and the Sustainability Trust) that supplements the Government's Warm up New Zealand home insulation scheme. Over the year, Warm Up Wellington insulated 167 homes in Wellington City. Our Wellington Home Energy Saver scheme provides homeowners with free home energy assessments, a comprehensive report on the energy performance of their home, and a list of personalised recommendations and discounts on a range of energy efficiency products. We carried out 603 home energy assessments over the year, and in response home occupants accessed \$11,283.13 in subsidies through 262 energy efficient products.

We launched the 'Smart Buildings Challenge to assist commercial building owners to manage and reduce their energy use. The Challenge, a partnership with the Energy Efficiency and Conservation Authority, Microsoft, and the Energy Management Association of New Zealand, aims to significantly reduce energy consumption in Wellington's commercial building sector. It does this by harnessing the collective commitment of Wellington's building owners to reduce costs and increase sustainability performance. The Challenge supports the goal of achieving a minimum 10 percent reduction in energy use (electricity and gas) and we achieved NABERSNZ certification over the course of the challenge. We entered our Central Library Building into the challenge. The Challenge exceeded expectations in terms of the total floor area of the buildings involved and market penetration but did not meet its target of signing up 25 buildings. Twenty buildings signed up over the course of the year with one pulling out when it was sold. We therefore decided to focus on the buildings already in the challenge before bringing more on-board.

We continued to help Wellington schools access solar array systems to reduce their energy bills and educate students about renewable energy. We completed our 16th SchoolGen school solar installation in partnership with Genesis Energy during the year.

**We developed partnerships and encouraged policies for renewable energy**

We ran a Low-Carbon Challenge that brought together Wellington's innovators to develop

initiatives to reduce emissions. Formally known as the Smart Energy challenge, a record 13 applications were made, and six teams selected to continue through to the incubator programme. Three of these six teams will qualify for match-funding of \$15,000 from us.

We achieved Certified Emissions Management and Reduction Scheme (CEMARS) accreditation. This means we can have confidence that the data we collect is accurate and comprehensive and a precise measure of how we are performing. We can now start to measure our energy and emissions reduction progress against our 2015/16 audit or 'baseline year' and make more informed decisions about our work programmes. We are the third Council in New Zealand to have attained CEMARS accreditation after Kapiti Coast and Dunedin City.

We consulted on and produced the Low-Carbon Capital Plan for 2016 – 2018 which contains three pillars of action; greening Wellington's growth, changing the way we move, and leading by example. The plan sets new interim targets for the City and our corporate greenhouse gas emissions. The targets are based on newly developed Wellington specific tools and data. The target retains the 2050 target of an 80% reduction in emissions for both Wellington City and Wellington City Council.

Internationally, cities have emerged as major players in climate change mitigation and adaptation efforts. We are keen to learn from best international practice and over the year were accepted into the C40's international 'Compact of Mayors' pledge to reduce city-wide greenhouse gas emissions. The Compact of Mayors is the world's largest cooperative effort among Mayors and city leaders to share information and experiences in order to reduce emissions, track progress and prepare for the impacts of climate change. Our acceptance into the Rockefeller Foundations 100 Resilient Cities (100RC) programme, and our appointment of a Chief Resilience Officer, are also significant events. Adapting to cope with the effects of climate change is a key area of focus for the Resilience Strategy.

**Did you know?:**

In conjunction with Greater Wellington Regional Council, we updated the Wellington City and Region Community Scale Greenhouse Gas Inventory 2000/01 to 2014/15. The results show that between 2000/01 and 2014/15 the gross greenhouse gas emissions generated within Wellington City, or as a result of activity within the area, have reduced by 2.1% and our net emissions by 1.9%.

*Our performance*

**The quality of waste reduction and recycling services:** There was a significant improvement, from last year, in the percentage of residents who regularly recycle, and we exceeded the target we set for the year. We exceeded our target for the amount of waste diverted from the landfill, but this figure is lower than last year.

**The quality of our waste disposal services:** Our residents' satisfaction with waste collection services was the same as last year but below our target. Energy sourced from the Southern Landfill was slightly more than last year but also below our target. There are many possible reasons for this including a drop in general waste going to landfill, a higher proportion of food waste being diverted from landfill and lower levels of rainfall.

**The quantity of our energy consumption and emissions:** There has been an increase in our corporate energy use around our swimming pools to reflect the increased size of the Keith Spry Pool and re-opening of Tawa pool. However overall there has been a decrease in our energy consumption.

Further detail can be found in the section "Measuring our performance".

*Finances*

How it was funded

Services in this activity are funded through a mixture of general rates, user charges and other income.

What it cost 2015/16

	Actual 2016	Budget 2016	Variance 2016	Actual 2015
<b>Operating Expenditure (\$000)</b>				
<b>2.2.1 Waste minimisation, disposal and recycling management 1</b>				
Expenditure	12,869	12,836	(33)	12,663
Revenue	(14,309)	(12,829)	1,480	(13,308)
Net Revenue	(1,440)	7	1,447	(645)
<b>2.2.2 Closed landfills aftercare</b>				
Expenditure	477	522	45	368
Revenue	-	-	-	-
Net Expenditure	477	522	45	368
<b>2.2.3 Energy efficiency and conservation</b>				
Expenditure	315	282	- 33	-
Revenue	(82)	(46)	36	-
Net Expenditure	233	236	3	-
<b>Capital Expenditure (\$000)</b>				
<b>2.2.1 Waste minimisation, disposal and recycling management 2</b>				
Expenditure	723	753	30	781
Unspent portion of budget to be carried forward	N/A	545		N/A

1 Under budget due to higher landfill fees through high contaminated soil and special waste volumes, higher than budgeted sales of yellow rubbish bags and favourable sales from recyclable materials.

2 Under budget due to delays in Stage 4 of the Southern Landfill improvements. Currently in the design phase.

*Our three waters- water, wastewater and stormwater*

We contract Wellington Water - a Council Controlled Organisation – to manage our water and drainage assets. They are tasked to deliver clean and safe drinking water, collection, disposal and treatment of wastewater and a collection and disposal of stormwater.

<b>WATER SUPPLY</b>	
Asset descriptions	Length (m) / Quantity (no)
Pipes	1,188,140
Pump stations	33
Reservoirs	69
Valves	30,270
Service valves (incl.FIRE)	52,516
Hydrants	8,048



## 2.3 Water – Wai

Clean, safe water is essential for residents' quality of life and wellbeing.

<b>Wellington Water:</b>	
Was established in 2014, through a merger between Greater Wellington Regional Council Water Supply Group and Capacity Infrastructure Services (who were originally owned by Hutt, and Wellington City Councils). The five local authorities are joint and equal owners, with each local authority owning its respective water, stormwater and wastewater assets, and in control of the level and standard of services provided to customers. The services provided include provision of high quality, safe and environmentally sustainable services, contracted service delivery and asset management planning.	
<b>Relevant Council outcomes:</b>	
<i>People centred city</i>	<b>A reliable and adequate supply of clean and safe water is crucial for the health, well-being and prosperity of all residents</b>
<i>Connected city</i>	<b>A reliable and adequate supply of clean and safe water is a core requirement of a 21<sup>st</sup> century connected city</b>
<b>Key activities:</b>	
<ul style="list-style-type: none"> <li>Ensuring high quality water is available at all times for drinking and other household and business uses</li> <li>Maintaining 80 reservoirs, 34 pumping stations, 8,000 hydrants and 1,250km of pipes.</li> </ul>	
<b>Key achievements</b>	
<b>We continued work providing a reliable and adequate supply of clean and safe water which is crucial for the health, wellbeing and prosperity of all residents</b>	
<ul style="list-style-type: none"> <li>We renewed approximately 9 km of water pipes in Tawa, Johnsonville, Khandallah, Karori, Crofton Downs and Northland. These renewals help us improve the reliability of the network by reducing service outages. We have completed all forward designs for our 2016/17 renewals and upgrade programmes, and tendered out a significant amount of renewal and upgrade works.</li> <li>Our new 2200m<sup>3</sup> Melrose reservoir was completed. Replacing an existing reservoir, this new reservoir improves water availability and our seismic resilience.</li> <li>We completed seismic upgrades at the Linden Reservoir and Lyndhurst pump stations. These upgrades improve the resilience of the network. Work also commenced on upgrading the Huntingdon Street pump station.</li> <li>We awarded a tender for seismic strengthening on the Tawa Reservoir, with construction starting in the 2016/17 year. The reservoir is being strengthened in order to enhance water retention performance after a significant seismic event.</li> <li>Other emergency preparedness includes: designing auto-shut valves for the Granada and Mt Kaukau reservoirs, and installation of three new 25,000 litre emergency water tanks. There are now 38 emergency water tanks at 35 locations in suburbs around Wellington.</li> <li>We started upgrading 640m of water mains in Cecil Road, Wadestown in order to meet firefighting standards. This work will be completed in 2016/17.</li> </ul>	
<b>We continued work providing a reliable and adequate supply of clean and safe water - a core requirement of a 21<sup>st</sup> century connected city</b>	
<ul style="list-style-type: none"> <li>In 2015 we worked on a business case for water supply resilience. The process involved: developing and agreeing investment objectives, establishing levels of service, developing and assessing options (in consultation with stakeholders), and identifying possible projects. The purpose of the business case is to confirm the concept and develop high level cost estimates for an investment plan.</li> <li>In parallel with this work we initiated a regional resilience group which includes the NZTA, Wellington Water, Fire Service and Wellington Electricity. This group is developing a cross-infrastructure resilience investment story. We are also talking with critical customers who will require special</li> </ul>	

attention or will assist others in recovering from a large event in Wellington.

**Performance**

We continue to fully comply with New Zealand drinking water standards (and its monitoring regime) and maintain the water supply quality gradings from the Ministry of Health. The quality of our potable water is monitored for indicators of contamination and chlorinated to reduce the risk. There are procedures in place to ensure the quality of water supplied and to deal with any quality issues. Contractors who work on the network also have quality control procedures to reduce the risk of contamination. The percentage of real water loss from our reticulated network continued to be below our target. Our response time for urgent and non-urgent call outs indicated customers are being well looked after. We received 8822 urgent and non-urgent requests over the year, compared to 8553 the year before. There were a low number of unplanned supply cuts in the network. Our customers were satisfied with our service with their satisfactions levels above our target. These measures can be found in the section "Measuring our performance".

Source: Wellington Water Ltd

**Finances**

**How it was funded**

Services in this activity are funded through targeted rates.

**What it cost 2015/16**

What it cost				
	Actual 2016	Budget 2016	Variance 2016	Actual 2015
<b>Operating Expenditure (\$000)</b>				
<b>2.3.1 Water Network 1</b>				
Expenditure	23,511	23,396	(115)	22,798
Revenue	(1,709)	(35)	1,674	(1,012)
Net Expenditure	21,802	23,361	1,559	21,786
<b>2.3.2 Water Collection and Treatment</b>				
Expenditure	14,922	14,932	10	14,318
Revenue	(3)	-	3	(3)
Net Expenditure	14,919	14,932	13	14,315
<b>Capital Expenditure (\$000)</b>				
<b>2.3.1 Water Network 2</b>				
Expenditure	14,927	15,752	825	13,266
Unspent portion of budget to be carried forward	N/A	-		N/A

**Case study Melrose reservoir increases city's resilience**

In May 2016, the valve was opened on a new, seismically resilient reservoir serving the suburb of Melrose.

The reservoir cost \$3.5 million and took 16 months to build. It holds 2.2 million litres of water, making it two and a half times bigger than its 1910 predecessor. Construction involved demolishing the old reservoir; excavating about 1500 cubic metres of earth; and installing underfloor drainage, the reinforced concrete floor slab and walls, and a pre-cast concrete roof. The reservoir is buried to minimise its impact on the landscape.

Melrose reservoir increases the amount of the city's water supply held in seismically-strengthened reservoirs to almost 70 percent. More than 80 percent of those reservoirs have automatic shut-off valves, meaning they won't empty if the water network gets damaged. This is all part of an ongoing programme to make Wellington's water storage facilities and supply network stronger, safer and better able to meet the needs of a growing population.

Melrose reservoir by the numbers:

- 16 months' construction
- \$3.5 million
- 25 metres long, 17 metres wide and 7 metres deep
- Built to withstand a one-in-1000 year earthquake
- Holds 2.2 million litres – two and a half times bigger than the reservoir it replaced

## 2.4 Wastewater - Parawai

Maintaining public health and safety and having clean waterways is essential to the city's environmental wellbeing

<b>Relevant Council outcomes</b>	
<i>People centred city</i>	<b>A safe and reliable wastewater network and treatment facility provides protection against public health risks</b>
<i>Eco-city</i>	<b>A safe and reliable wastewater network and treatment facility provides protection against environmental harm</b>
<b>Key activities</b>	
<ul style="list-style-type: none"> <li>• The city's sewage collection, treatment and disposal is in line with resource consent conditions</li> </ul>	
<b>Key achievements</b>	
<p><b>We continued to work to ensure a safe and reliable wastewater network and treatment facility protects against public health risks</b></p> <ul style="list-style-type: none"> <li>• We replaced damaged wastewater and stormwater pipes in Cuba Street. Work to replace damaged wastewater and stormwater pipes in Molesworth Street was delayed by contaminated ground, however we are back on track and making good progress towards completion in 2016/17.</li> <li>• We renewed four wastewater pump stations in Chaffers Street, Ferry Street, Boscobel Lane and Wakefield Road, improving their reliability.</li> <li>• Our programme to investigate and evaluate inflow and infiltration reduction in the Trelissick Park (Kaiwharawhara) catchment continued. Over the year we surveyed approximately 1088 properties, and finalised their reports. Inflow and infiltration reduction investigations will continue in 2016/17 focusing on Karori and Tawa.</li> <li>• Pollution investigations have been on-going in seven catchments that exceeded water quality thresholds. These investigations identified faults that were remedied, resulting in minor improvements in water quality in certain catchments.</li> </ul> <p><b>We continued to ensure we have a safe and reliable wastewater network and treatment facility that provides protection against environmental harm</b></p> <ul style="list-style-type: none"> <li>• We renewed 4.3 km of wastewater pipes in Brooklyn, Island Bay, Karori, Kelburn, Khandallah, Lyall Bay, Miramar, Mt Cook, Mt Victoria, Ngaio, Te Aro, Vogeltown and Wadestown. These renewals reduces sewage leaking into the stormwater system and prevents discharges of sewerage into streams and the sea. We achieved a reduction in bypass discharges from Moa Point WWTP in 2015/16.</li> </ul>	
<b>Performance</b>	
<p>Our wastewater network was of a high quality with few reticulation incidents and our response time was well within our targets. In relation to our response times we received 904 service requests compared to 1095 last year. The majority of our customers were satisfied with our service and we exceeded our target. We are working on capacity and demand issues across the network to help identify dry weather wastewater overflows.. These measures can be found in the section "Measuring our Performance".</p>	

Source: Wellington Water Ltd

*Finances*

How it was funded

Services in this activity are funded through a mixture of general and targeted rates.

What it cost 2015/16

	Actual 2016	Budget 2016	Variance 2016	Actual 2015
<b>Operating Expenditure (\$000)</b>				
<b>2.4.1 Sewage collection and disposal network 1</b>				
Expenditure	18,781	19,157	376	19,348
Revenue	(1,911)	(615)	1,296	(986)
Net Expenditure	16,870	18,542	1,672	18,362
<b>2.4.2 Sewage treatment 2</b>				
Expenditure	22,599	22,654	55	21,333
Revenue	(1,583)	(618)	965	(1,833)
Net Expenditure	21,016	22,036	1,020	19,500
<b>Capital Expenditure (\$000)</b>				
<b>2.4.1 Sewage collection and disposal network 3</b>				
Expenditure	10,855	10,480	(375)	7,959
Unspent portion of budget to be carried forward	N/A	-		N/A

1 Under budget due to reduced unplanned maintenance following a drier than usual year and the acquisition of Wastewater assets vested to Council.

2 Under budget due to savings in Wastewater treatment plant costs owing to lower flows and management fees.

3 Over budget due to additional labour costs and an early completion of the Jackson Street Wastewater renewal.

## 2.5 Stormwater - Wai-ua

The stormwater network keeps people and property safe from flooding.

Wellington Water manages the following assets

STORMWATER	
Asset descriptions	Length (m) / Quantity (no)
Pipes	795,046
Manholes	19,380
Pump stations	2
Tunnels	3,083

Relevant Council outcomes	
<i>People centred city</i>	A safe and reliable stormwater network, and effective maintenance and operation programmes, prevents avoidable disruptions to community living, minimises risk of injury and damage to property from stormwater
<i>Connected city</i>	A safe and reliable stormwater network, and effective maintenance and operation programmes, reduces the risk of avoidable surface flooding and environmental damage that may affect transport routes



<p><b>Key activities</b></p> <ul style="list-style-type: none"> <li>• The maintenance, renewal and upgrade of the stormwater network to protect from flooding.</li> </ul>
<p><b>Key achievements</b></p> <p><b>We continued to work on a safe and reliable stormwater network, and effective maintenance and operation programmes, to prevent avoidable disruptions to community living, minimises risk of injury and damage to property from stormwater</b></p> <ul style="list-style-type: none"> <li>• We carried out a number of urgent replacements this year; including Porritt Avenue where we upgraded a brick culvert located under several properties. Several Karori Stream bridge crossings were also upgraded to align with the latest building code standards.</li> <li>• We continued to develop Integrated Catchment Management Plans (ICMPs) for five catchment areas, based on the effects of flooding and contamination on the catchment's coastal environment. These plans are prepared as condition of resource consent. We made progress on one of these five plans – the Lambton Harbour catchment plan. The aims of Lambton Harbour ICMP are to: prepare detailed management plans to meet the levels of service required for the city's stormwater activities, identify management options to minimise catchment issues, and identify remedial methods for issues identified.</li> </ul> <p><b>We continued to work on a safe and reliable stormwater network, and effective maintenance and operation programmes, to reduce the risk of avoidable surface flooding and environmental damage that may affect transport routes</b></p> <ul style="list-style-type: none"> <li>• We renewed approximately 750m of stormwater pipes, these renewals improved the reliability of the network by reducing service outages and flooding.</li> <li>• We completed detailed investigations and design for the upcoming repair of a steel culvert located under 15m of fill in South Karori. Repair work on this culvert will be completed in the 2016/17.</li> <li>• We progressed design options for the repair of Council drains lost in the land slip at Breton Grove, Kingston. We are continuing to work with residents to provide a mutually agreeable solution.</li> </ul>
<p><b>Performance</b></p> <p>We had few stormwater pipeline blockages and our network performed better than target. Customer satisfaction with stormwater management declined. Our monitored beaches and sites were clean and suitable for recreation use. In terms of our response times we received 1518 requests over the year compared to 1240 last year. We maintained resource consent compliance. These measures can be found in the section "Measuring our Performance".</p>

*Source: Wellington Water Ltd*

**Did you know?:**

We, along with Wellington Water Ltd, Te Runanga Toa Rangatira and the community are part of GWRC Te Awarua o Porirua Whaitua process. The Whaitua Committee is responsible for developing a Whaitua Implementation Programme (WIP) which will outline regulatory and non-regulatory proposals for integrating the management of land-development and urban-water-cycle-services at a catchment level. Wellington Water has undertaken a high level review of the stormwater, wastewater and water supply networks to assess their potential to support proposed growth and intensification within the catchment. Issues have been identified that could restrict urban development and result in further contamination of aquatic environments. A master plan for upgrade of the drainage infrastructure is being developed by Wellington Water. While the upgrade costs are likely to be significant it is recognised as being essential to support the growth agenda of both Wellington and Porirua City, as well as helping realise the values of the Te Awarua-o-Porirua.

In 2012 we, Porirua City Council, GWRC, Te Runanga Toa Rangatira and other key agencies with interests in Porirua Harbour (and catchment) adopted the Te Awarua-o-Porirua Harbour and Catchment Strategy and Action Plan. Te Awarua-o-Porirua (Porirua Harbour) is currently exposed to a range of existing impacts from urban activity, which result in damage to the environment. Without mitigation, future development has potential to hasten this current degradation. This on-going partnership aims to reduce sediment, reduce pollutants and restore the ecology of our harbour.

**Finances**

**How it was funded**

Services in this activity are funded through a mixture of general and targeted rates.

**What it cost 2015/16**

	Actual 2016	Budget 2016	Variance 2016	Actual 2015
<b>Operating Expenditure (\$000)</b>				
<b>2.5.1 Stormwater management 1</b>				
Expenditure	16,888	17,587	699	16,526
Revenue	(3,137)	(146)	2,991	(922)
Net Expenditure	13,751	17,441	3,690	15,604
<b>Capital Expenditure (\$000)</b>				
<b>2.5.1 Stormwater management 2</b>				
Expenditure	4,866	5,055	189	4,821
Unspent portion of budget to be carried forward	N/A	600		N/A

1 Under budget due to lower interest and sump cleaning costs as well as the acquisition of stormwater assets vested to Council.

2 Under budget due to delays in the work programme. A \$0.600m carry forward to 2016/17 will be requested for the uncompleted Molesworth Street project.

**Did you know?:**

We have created a post event response team which is expected to provide improved customer service after an unexpected event such as a flood. This multi-skilled team is drawn from across the business and depends on information from our client councils and other sources to determine the best response for our customers.

## 2.6 Conservation attractions - Ngā painga kukume Papa Atawha

Nature is one of Wellington's biggest attractions.

We contracted Wellington Zoo Trust, our Council Controlled Organisation to manage our Zoo.

<b>Wellington Zoo Trust</b>	
Established in 2003 the Trust manages the Zoo's assets and operations for the benefit of residents and visitors.	
<b>Relevant Council outcomes</b>	
<i>People centred city</i>	<b>Facilities such as Wellington Zoo play important conservation roles protecting native and exotic flora and fauna</b>
<i>Eco-city</i>	<b>These are activities that inform and educate residents and visitors about conservation. They tell a story about our past, our special wildlife and native and exotic flora and fauna</b>
<b>Key activities</b>	
The Zoo Trust: <ul style="list-style-type: none"> <li>• develops, manages and plans animal species management programmes</li> <li>• promotes species conservation</li> <li>• acquires additional plant and animal species</li> <li>• supports and complements the conservation and learning activities undertaken by other organisations</li> <li>• promotes and coordinates the raising of funds to assist the management, administration, maintenance, planning, promotion and further development of Wellington Zoo</li> <li>• manages, administers, plans, develops, maintains, operates and promotes Wellington Zoo as a zoological park for the benefit of the Wellington community and as an attraction for visitors to Wellington;</li> <li>• educates the community by building an awareness of plant and animal species and the actions required to promote conservation</li> </ul>	
<b>Key achievements</b>	
<b>Facilities such as Wellington Zoo play important conservation roles protecting native and exotic flora and fauna</b>	
<i>Saving animals in the wild:</i> the Zoo supports nine field conservation projects locally and globally for endangered or critically endangered species. It provides 5.68% of its operational funding directly to field conservation (the international zoo benchmark is currently 3%).	
<b>These are activities that inform and educate residents and visitors about conservation. They tell a story about our past, our special wildlife and native and exotic flora and fauna</b>	
<i>Connecting people with animals:</i> A record number of people visited the Zoo during the year. There were 11,413 school visits and 3,677 people had 'animal close encounters' experiences with Zoo animals.	
<i>Leading the way:</i> the Zoo maintained its carbonZero certification and achieved Zoo Aquarium Association Australasia Animal Welfare Accreditation.	
<i>People love and support the Zoo:</i> the Zoo achieved 92% of its annual targets and enhanced its volunteer programme this year.	
<b>Performance Information</b>	
The Zoo achieved its admission targets for the year and numbers are above last years. This measure can be found in the section "Measuring our Performance".	

Source: Wellington Zoo Trust

**Council Controlled Organisation – Zealandia**

We contracted Zealandia, to manage the Karori Sanctuary

<b>Zealandia</b>	
The Karori Sanctuary Trust (trading as Zealandia) is an incorporated society, a charitable trust, and a not-for profit organisation. Zealandia is a community-driven eco-restoration project, education facility, and visitor attraction. The 225 hectare sanctuary is located 10 minutes from central Wellington, and is the world's first fully-fenced urban eco-sanctuary. Zealandia is a safe haven for some of New Zealand's rarest native animals.	
<b>Relevant Council outcomes</b>	
<i>People centred city</i>	<b>Facilities such as Zealandia play important conservation roles protecting native and exotic flora and fauna<sup>10</sup></b>
<i>Eco-city</i>	<b>These are activities that inform and educate residents and visitors about conservation. They tell a story about our past, our special wildlife and native and exotic flora and fauna</b>
<b>Key activities</b>	
The Trust	
<ul style="list-style-type: none"> <li>• carries out education and research into all matters pertaining to the conservation and restoration of New Zealand's natural heritage and in particular to restore representative examples of New Zealand's natural heritage.</li> <li>• establishes and maintains a secure native wildlife sanctuary in the Karori Reservoir.</li> <li>• restores the reservoir area ecosystem as closely as practicable to its presumed pre-human state but allowing for construction of specific habitats to enhance its diversity and conservation values.</li> <li>• provides facilities for recreation and tourism activities.</li> <li>• seeks and fosters community support and participation.</li> <li>• manages and manipulates such ecosystems as may be necessary to maintain requisite populations.</li> </ul>	
<b>Key achievements</b>	
<b>Facilities such as Zealandia play important conservation roles protecting native and exotic flora and fauna</b>	
<ul style="list-style-type: none"> <li>• The first translocation in 5 years was completed in February 2016 with the reintroduction of Spotted Skink back to the valley.</li> </ul>	
<b>These are activities that inform and educate residents and visitors about conservation. They tell a story about our past, our special wildlife and native and exotic flora and fauna</b>	
<ul style="list-style-type: none"> <li>• Sirocco the ambassador kakapo visited for 6 weeks, generating local, national, and international promotion and media coverage.</li> </ul>	
The Trust celebrated the sanctuary's 20th Anniversary since its establishment in 1995 and welcomed 125,849 visitors for the year to 30 June 2016.	
<b>Performance Information</b>	
Zealandia's visitation exceeded 100,000 for the first time in its history and there was also an increase in education visits.	

Source: Zealandia

#### *Finances*

##### How it was funded

Services in this activity are funded through general rates.

<sup>10</sup> Zealandia eliminates as many exotic flora and fauna species as it can from the sanctuary to ensure exotic trespassers don't compromise the native sanctuary.



What it cost 2015/16

	Actual 2016	Budget 2016	Variance 2016	Actual 2015
<b>Operating Expenditure (\$000)</b>				
<b>2.6.1 Conservation visitor attractions</b>				
Expenditure	6,384	6,459	75	6,104
Revenue	-	-	-	0
Net Expenditure	6,384	6,459	75	6,104
<b>Capital Expenditure (\$000)</b>				
<b>2.6.1 Conservation visitor attractions</b>				
Expenditure	2,725	2,659	(66)	2,677
Unspent portion of budget to be carried forward	N/A	140		N/A

Environment – overall summary

Generally speaking we carried out the activities planned for this activity area in year one of the LTP. There were delays to our capital works programmes, some of these delays were a result of events beyond our control. We had a number of successes with our water, wastewater and stormwater services. These successes are reflected in our water and wastewater customer satisfaction ratings and the improved ratings of monitored beaches used for recreation. The Zoo and Zealandia continue to be successful. In many areas, progress has been made through our activities in this area to the achievement of our outcomes.

### 3.0 Economic development - Whanaketanga ōhanga

Promoting the city's competitive advantages in order to enhance the quality of life

#### BY THE NUMBERS

2.1%  
Wellington City average annual GDP growth  
which compares to 1.9 % nationwide<sup>11</sup>.

7  
Major event venues that are just 5 minutes' walk  
apart<sup>12</sup>

\$36.5m  
Contribution to Wellington's economy during  
2015/16 from major events supported by  
Council. This compares to \$29.9 m in 2014/15<sup>13</sup>

<sup>11</sup> WCC – Wellington City Profile – Key facts about the city

<sup>12</sup> WCC – Wellington City Profile – Key facts about the city

<sup>13</sup> WCC City Events - WREDA

Economic development– at a glance

Outcomes	Connected-City	People-centred city	Eco-city	Dynamic-city
Relevant LTP objectives	<p>“Investing to grow” through establishing a programme of major projects that grow the economy and deliver returns on investment;</p> <p>Investing to maintain and improve existing services, including making infrastructure more resilient and the city’s transport system more efficient;</p> <p>Increasing the use of existing assets rather than spending on new infrastructure;</p> <p>Improving asset management practices to better manage risk and the timing of asset replacement;</p> <p>Achieving ongoing efficiencies from shared services and improved customer experiences.</p>			
LTP key activities	City promotions and business support			
Relevant LTP key projects	Investing for growth; Longer airport runway; Central city tech hub, Film and screen productions, and Joined-up regional approach			
Operational expenditure	Operational expenditure (as per financial summary)			

We attract and support business activity, market Wellington to tourists from New Zealand and overseas, and own and operate performance venues and conference facilities either through WREDA (Wellington Regional Economic Development Agency) or in partnership with WREDA. Working with others we also promote business, education and cultural links through sister city relationships, and provide free weekend parking in the CBD.

We fund these activities to attract and retain talent, grow the tourism spend and economic returns from events, and increase inward investment and exports.

These activities make Wellington a more vibrant place to live and improve residents’ quality of life, prosperity, identity and the opportunities available to them.

**Case study: Collider**

A technology hub for Wellington was one of our “8 Big Ideas”, and the business case was endorsed by our Economic Growth and Arts Committee in April 2015. Collider was officially launched by Prime Minister John Key in November 2015.

Collider is a partnership between Wellington City Council and BizDojo. It consists of BizDojo’s co-working space at 115 Tory Street, and Collider’s programme of activities. The Council’s contribution towards the tech hub will be up to \$3.2 million over 3 years, and will be used to fund the non-commercial elements of the tech hub.

The tech hub was established to connect high-tech, rapid-growth ventures, investors, social enterprises, international visitors, tertiary institutions, government and established businesses working on new ideas. It is a place for Wellington’s innovative businesses in the tech sector to call home – whether through locating or showcasing their business there.



attending or hosting events, or seeking resources and support to help their businesses be more successful.

Partnerships in relation to the hub have now been formalised between BizDojo and CreativeHQ, Xero, Deloitte and various other service providers. For example, the StepUp Mentorship Programme was launched in March as a collaborative venture between BizDojo and Xero to provide guidance around growth to a number of small businesses in Wellington.

Events and programmes held have included international speakers such as Adriana Gascoigne (CEO, Girls in Tech), Tristan Pollock (named in the 2015 Forbes 30-under-30 list and a Silicon Valley based co-founder and entrepreneur), Anthony McGuire (Head of Global Partnerships at Facebook), and Savannah Peterson (named in this year's Forbes 30-under-30 list).

### **3.1 City promotions and business support- Ngā whakatairanga tāone me ngā āwhina pakihi**

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

#### *What we do and why*

Wellington's economic prosperity is closely linked to residents' quality of life. Prosperity provides the resources for businesses, the Council, and individuals, to contribute to the vibrancy of the city and invest in its future development.

Our promotions and business support activities are closely linked to WREDA's work. Working with other institutions in the region ensures that we use our resources effectively.

Our activities include:

- tourism promotion (WREDA)
- events attraction and support
- performance and convention venues (WREDA)
- retail support (free weekend parking)
- regional and external relations
- grants and creative workforce
- attracting businesses and talent to Wellington (in partnership with WREDA)
- sustaining city vibrancy.

Over the year these activities contribute to the following outcomes

<i>Outcome</i>	<i>Outcome statement</i>
<i>People centred city</i>	<ul style="list-style-type: none"> <li>• <b>Promotion of the city as an attractive place to live and do business, works to attract talent to the city and attract tens of thousands of visitors to the city every year (WREDA)</b></li> <li>• <b>The City Growth Fund and economic grants support the attraction and retention of talented people, and support the creative business sector in Wellington</b></li> <li>• <b>Major projects (funding for possible implementation) will promote the city as an attractive place to do business and attract visitors to the city</b></li> <li>• <b>International relations improve access to international markets and provide local businesses with new opportunities</b></li> </ul>

	<ul style="list-style-type: none"> <li>• <b>Business Improvement Districts (BIDs) – vibrant suburban centres make Wellington an attractive place to live and help form a sense of community</b></li> </ul>
<i>Connected city</i>	<ul style="list-style-type: none"> <li>• Ensuring the city has a presence internationally will be vital to attracting investment, talent, visitors and jobs (WREDA )</li> <li>• Major projects - improving direct access internationally will provide local businesses with new opportunities to access large markets</li> </ul>
<i>Dynamic city</i>	<ul style="list-style-type: none"> <li>• Attracting talent, investment, visitors and jobs will be critical to growing the economy and ensuring Wellington remains vibrant and retains its competitive advantage (WREDA)</li> </ul>

***Our key achievements***


Our partnership with WREDA - our Council Controlled Organisation - strengthened over the year. With WREDA's new senior management team finalised prior to Christmas, our Major Events team transferred to WREDA in 2016.

<b>Wellington Regional Economic Development Agency Ltd (WREDA)</b>	
WREDA is the new regional economic development agency for the lower North Island, combining the economic development activities of Wellington City Council and Greater Wellington Regional Council to advance the prosperity and liveability of the Wellington region. WREDA brings together the functions and activities of the following agencies: Grow Wellington; Positively Wellington Tourism; Positively Wellington Venues and Wellington City Council major events	
<b>Relevant Council outcomes:</b>	
<i>People centred city</i>	<b>Promotion of the city as an attractive place to live and do business, works to attract talent to the city and attract tens of thousands of visitors to the city every year</b>
<i>Connected city</i>	<b>Ensuring the city has a presence internationally will be vital to attracting investment, talent, visitors and jobs</b>
<i>Dynamic city</i>	Attracting talent, investment, visitors and jobs will be critical to growing the economy and ensuring Wellington remains vibrant and retains its competitive advantage
<b>Key activities</b>	
WREDA attracts and supports business activity, markets Wellington to tourists from New Zealand and overseas, and owns and operates performance venues and conference facilities. Working with others WREDA promotes business, education and cultural links through sister city relationships, and provides free weekend parking in the CBD.	
<b>Key achievements.</b>	
<b>We promoted the city as an attractive place to live and do business, that works to attract talent to the city and to attract tens of thousands of visitors to the city every year</b>	
We celebrated our 150 <sup>th</sup> anniversary of being New Zealand's capital with over 85,000 people visiting 40 institutions in our very successful open house weekend. Approximately 15,000 people attended a concert and spectacular projection mapping show at Parliament. During the year, WREDA undertook a number of marketing campaigns including supporting Dreamworks Animation, The Exhibition, the Royal Edinburgh Military Tattoo, New Zealand Festival, Wellington Sevens, and CubaDupa. A record number of conventions and events were held during October to December, including the Helloworld conference which attracted over 500 overseas delegates from the tourism industry. WREDA's venues also successfully hosted 64 events over a 24-day period for the New Zealand Festival (source). Visitor numbers were strong again this year and commercial guest nights grew by 6.4% and had their highest 12 months on record (surpassing Auckland, Waikato, Hawkes Bay, Canterbury and the national growth rates). International and domestic guest nights grew by 12%. This is up from five years ago and is now surpassed nationally only by Queenstown/Central Otago and summer holiday destinations.	
<b>We ensured the city has a presence internationally will be vital to attracting investment, talent, visitors and jobs</b>	

<b>Wellington Regional Economic Development Agency Ltd (WREDA)</b>
<p>A significant highlight during the year was the Royal Edinburgh Military Tattoo, at Westpac Stadium from February 18-21. The Tattoo attracted an audience of approximately 85,000 over the four shows, with over 60% of the audience coming from outside the Wellington region. The direct out of region spend in Wellington was estimated at \$31.7 million, filling hotel beds across the region. We hosted major sporting events, including our first Super Rugby final and the All Blacks versus Wales test. Following on from the success of the ICC Cricket World Cup last year, we hosted a blockbuster summer of international cricket with the Black Caps taking on Pakistan in international T20 and One Day International (ODI) matches, and Australia in an ODI and a test match. The sold out match against Pakistan marked the return of ODI cricket to the Basin Reserve.</p> <p>To retain our international presence we won the right to host future events, including a number of international rugby matches next year. New Zealand Rugby also confirmed that the Sevens will remain in Wellington for another 3 years. Other major events announced include Keith Urban and Carrie Underwood performing at Westpac Stadium in December 2016.</p> <p><b>We attracted talent, investment, visitors and jobs critical to growing the economy and ensuring Wellington remains vibrant and retains its competitive advantage</b></p> <p>The New Zealand Festival also celebrated its 30th anniversary between 26 February and 20 March, with 395 performances and seven world premieres. 95,000 tickets were sold for the Festival, with over 200,000 enjoying free non-ticketed events, including the Festival Playground.</p> <p>International highlights included the sold out seasons of Café Muller / Rite of Spring and the Jazz at Lincoln Centre Orchestra. An estimated 19% of attendees were from outside the Wellington region and the direct out of region spend was estimated at \$32.1 m. We supported arts and cultural events that contributed to Wellington's economy and created jobs. Beervana, Wellington on a Plate and LUX combined to attract record audiences to bring the city to life in August. The World of Wearable Art Season was again highly successful. Westpac Stadium hosted the Elton John and AC/DC concerts, attracting a combined audience of almost 60,000, with approximately 50% of the audience coming from outside of the region. CubaDupa returned over the weekend of March 19-20, attracting tens of thousands to enjoy the immersive festival experience.</p> <p>During the year WREDA won funding to run the R 9 Accelerator Programme (a programme of work to improve central government and business working more effectively) and has funding approved for the Regional Business Partner programme.</p>
<p><b>Performance Information</b></p> <p>Attendance at WCC supported events exceeded our target and last year's performance because of Capital 150 celebrations, Edinburgh Tattoo, Elton John concert and New Zealand Festival. The improved ratio of direct spend to economic impact is a result of high profile and unbudgeted events that resulted in high levels of regional visitation and economic impact. These measures can be found in the section "Measuring our Performance".</p>

Source: WREDA

To ensure our residents and visitors are connected we continued our city's CBDfree Wi-Fi network. There has been a 161 % increase in CBD logins.

Measure	2015/16 Actual Performance	2015/16 Target
Free Wi-Fi usage (logons/day) – waterfront and central city	<b>CBD 17, 990,606</b> <b>Waterfront 299,844</b> 	N/A
		2014/15 Performance
		6,816,785 142,366

Source: Citylink and Trademe



**Through the City Growth Fund and economic grants we supported the attraction and retention of talented people, and supported the creative business sector in Wellington**

The City Growth Fund completed its third year of funding events, partnerships, and initiatives to foster economic growth.


We supported a wide range of projects through the fund, including LUX, Wellington on a Plate, Venture Up, the Wellington Capital City 150th anniversary, the World War 1 Commemorations, Young Enterprise Trust (Wellington), Gillies McIndoe Research Institute research, Miramar Film Event Trust, the ICT Grad School, the Enspiral Open Source/Open Society event, the Helloworld conference, and the Collider tech hub programme.

The City Growth Fund fund also supported the second business accelerator for Youth Enterprise alumni (Venture Up), the Open Source/Open Society international conference, the establishment of the ICT Grad School in Wellington, and sponsored the Young Enterprise Trust's Wellington presence.


Other beneficiaries to the fund include TEDxWellington, TEDxWellingtonWomen, Web Developers Conference of New Zealand, Multicore World, Webstock, and Summer of Tech. The first NZ based game developer's conference Play by Play was held in Wellington this year and will be returning in 2017 on a larger scale.

**We made progress on our major projects - improving direct access internationally will provide local businesses with new opportunities to access large markets**

The consent application for a runway extension at Wellington Airport was lodged in April 2016. The resource consent was informed by work undertaken by Wellington International Airport Ltd (WIAL), including a cost benefit analysis by Sapere Research Group. The numbers for domestic and international passengers entering Wellington Airport continues to grow.

Measure	2015/16 Actual Performance	2015/16 Target
Number of domestic airline passengers entering Wellington Airport	4,899,000 	N/A
		2014/15 Performance 4,682,000

Source: Wellington International Airport Limited

Measure	2015/16 Actual Performance	2015/16 Target
Number of international airline passengers entering Wellington Airport	897,000 	N/A
		2014/15 Performance 775,000

Source: Wellington International Airport Limited

We also continued to work with WIAL to develop international air connections. During the year, Singapore Airlines announced a new route, the 'Capital Express', connecting Wellington-Canberra-Singapore. Flights will commence from September 2016, operating four times a week, providing Wellingtonians and visitors with the most efficient connection to Singapore.

We agreed in principle to support the building of a movie museum and a new purpose-built convention centre on Cable Street, opposite Te Papa. We also purchased the land for this development on Cable Street. We will partner with private interests to deliver the movie museum. We consulted on the proposal in February / March 2016 and feedback was

overwhelmingly positive. A report will go to the Council, with the final business case, requesting final approval for the convention centre and movie museum early in 2016/17. This proposal, if approved, will deliver two of our economic catalyst projects and provide significant economic benefit to the city.


**We continued to strengthen international relations improving access to international markets and providing local businesses with new opportunities**

We continued networking at an international level by hosting delegations and forums and cementing relationships. The first New Zealand–China Mayoral Forum, held in September 2015, was a significant milestone for our relationship with China. It resulted in strengthened civic and trade ties as well as promising deeper cultural understanding through programmes and exchanges. Led by Local Government New Zealand and hosted by the Chinese People’s Association for Friendship with Foreign Countries, the forum focussed on trade and investment opportunities, in particular development prospects for tourism, education and the primary industries of both countries. Mayor Wade-Brown led a delegation to Wellington’s sister city, Xiamen (Fujian province) which included 12 New Zealand Mayors as well as over 50 business and education leaders. Joining them were 200 Chinese representatives including 13 of the country’s mayors. Described as an immense success by all those involved, the forum is set to become a regular event with the second of its kind being held in Wellington in 2017.

During the forum, Mayor Wade-Brown officially opened a New Zealand section at a Seashine import Supermarket in Xiamen. The trade initiative was born from the Wellington – Xiamen sister city relationship and resulted in dozens of local New Zealand products including dairy, honey, fruit and meat on the shelves of one of Fujian’s most popular supermarkets. This exposure has proven to be a great opportunity for local business owners to break the Chinese market and showcase quality New Zealand goods to foreign investors and consumers. Since opening, the company’s demand for kiwi goods has grown exponentially and Seashine executives make regular visits to the Wellington region and beyond to scout out new products to stock their shelves.

During the lead up to Anzac Day this year, the city leaders of Wellington and Çanakkale signed a Memorandum of Understanding and became historical sister cities. It was the coast of Gallipoli and the wider region of Çanakkale where some of the fiercest fighting in New Zealand military history took place. Founded on a historic bond formed during the World War 1, the new MoU promises to promote peace by developing a relationship that focusses on commemoration and appreciation.

We agreed a sister-city relationship with Canberra, building on the forthcoming flights from Wellington to Singapore via Canberra.

Measure	2015/16 Actual Performance	2015/16 Target
Number of events/activities held with international cities	75 	N/A
		2014/15 Performance 72

Source: WCC International Relations

**Using our Business Improvement Districts (BIDS) – we improved the vibrancy of our suburban centres making Wellington an attractive place to live and help form a sense of community**

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We continued to establish BIDS, which involves a local business community within a geographic area developing projects and services that support local economic development. Over the year, we helped to get the BID in Kilbirnie up and running. We have also started work around expanding the boundary of the Miramar BID.

*Our performance*

Our performance against the measures on the quality of our investments in promoting the city are discussed in the previous table for WREDA.

*Finances*

*How it was funded*

The Majority of the economic development activities are paid for by commercial ratepayers, as it covers the cost of tourism promotion, economic grants, and other activities that directly benefit the sector.

What it cost 2015/16

	Actual 2016	Budget 2016	Variance 2016	Actual 2015
<b>Operating Expenditure (\$000)</b>				
<b>3.1.1 WREDA 1</b>				
Expenditure	18,574	31,560	12,986	23,385
Revenue	(738)	(14,365)	(13,627)	(915)
Net Expenditure	17,836	17,195	(641)	22,470
<b>3.1.2 Wellington convention centre</b>				
Expenditure	14,269	0	(14,269)	14,031
Revenue	(14,371)	0	14,371	(14,483)
Net Revenue	(102)	0	102	(452)
<b>3.1.3 Retail support (free weekend parking)</b>				
Expenditure	1,356	1,356	0	1,355
Revenue	-	-	-	-
Net Expenditure	1,356	1,356	0	1,355
<b>3.1.4 WEID, economic growth and economic grants 2</b>				
Expenditure	3,798	3,599	(199)	2,409
Revenue	-	-	-	-
Net Expenditure	3,798	3,599	(199)	2,409
<b>3.1.5 Major economic projects</b>				
Expenditure	0	0	0	0
Revenue	0	-	0	0
Net Expenditure	0	0	0	0
<b>3.1.6 Regional and external relations 3</b>				
Expenditure	677	572	(105)	583
Revenue	(24)	-	24	(8)
Net Expenditure	653	572	(81)	575
<b>3.1.7 Business improvement districts</b>				
Expenditure	114	114	0	97
Revenue	-	-	-	-
Net Expenditure	114	114	0	97
<b>Capital Expenditure (\$000)</b>				
<b>3.1.2 Wellington convention centre 4</b>				
Expenditure	1,669	1,669	0	2,268
Unspent portion of budget to be carried forward	N/A	749		N/A

1 Over budget due to over-commitment in major events offset by underspend in Destination Wellington fund




2 Over budget due to professional fees incurred on the Convention Centre/Movie Museum project.

3 Over budget due to an additional staff member and more overseas travel.

4 Under budget due to delays in the renewals programme for the St James Theatre, to align work with the earthquake strengthening works, and renewal works at the TSB Arena.

<b>The Basin Reserve Trust</b>	
Established in 2004, the Trust manages assets and operations at the Basin Reserve.	
<b>Relevant Council outcomes</b>	
<i>People centred city</i>	Promotion of the city as an attractive place to live and do business, works to attract talent to the city and attract tens of thousands of visitors to the city every year
<b>Key activities</b>	



<p>The Basin Reserve Trust</p> <ul style="list-style-type: none"> <li>• Contributes to the Wellington City Council's vision of Creative Wellington - Innovative Capital</li> <li>• Manages, administers, plans, develops, maintains, promotes and operates the Basin Reserve for recreation and leisure activities and for the playing of cricket for the benefit of the inhabitants of Wellington</li> <li>• Establishes a long-term policy for the further development of the Basin Reserve as a recreational facility and as a facility for the playing of cricket, other sports and as a venue for other community based activities</li> <li>• Preserves and enhances the significant and recognised heritage value of the Basin Reserve.</li> </ul>		
<p><b>Key achievements</b></p> <p><b>Promotion of the city as an attractive place to live and do business, works to attract talent to the city and attract tens of thousands of visitors to the city every year</b></p> <ul style="list-style-type: none"> <li>• The return of One Day International Cricket to the Basin for the first time in 11 years with the Blackcaps playing Pakistan (6,500)</li> <li>• Blackcaps vs Australia Test Match (20,000 over three days)</li> <li>• Two international T20 women's (Whiteferns) matches (2000)</li> <li>• The opening of the refurbished Wes Armstrong Ground Keepers Cottage</li> <li>• The Robbie Williams concert marking the return of public concerts to the Basin for the first time in 6 years (10,000)</li> <li>• The installation of two large information boards covering the sporting history of the Basin on the front of the Northern and Southern Toilet blocks</li> </ul>		
<p><b>Performance Information:</b></p> <p>We have significantly exceeded our targets for sport and community events held at the Basin Reserve.</p>		
<p>Interesting fact</p> <p>Number of Events - Cricket</p>	<p><b>2015/16 Actual</b></p> <p>35</p> <p style="text-align: center;"></p>	<p><b>2015/16 Target</b></p> <p>11</p> <hr/> <p><b>2014/15 Actual</b></p> <p>n/a (not established)</p>
<p>Interesting fact</p> <p>Number of Events - Other Sports</p>	<p><b>2015/16 Actual</b></p> <p>25</p> <p style="text-align: center;"></p>	<p><b>2015/16 Target</b></p> <p>12</p> <hr/> <p><b>2014/15 Actual</b></p> <p>n/a (not established)</p>
<p>Interesting fact</p> <p>Number of Event - Community</p>	<p><b>2015/16 Actual</b></p> <p>15</p> <p style="text-align: center;"></p>	<p><b>2015/16 Target</b></p> <p>4</p> <hr/> <p><b>2014/15 Actual</b></p> <p>n/a (not established)</p>

Source: Basin Reserve Trust

**Economic – overall summary**

We made progress towards most of the activities in this activity area in year one of the LTP. There were delays in our only capital project, the Movie Museum and Convention Centre, which reflects the complexity of acquiring land, and designing and building a national asset of this kind. On balance, our economic development investments were successful and we are continuing to support a more vibrant, diversified and resilient economy, which provides a strong return to our community.

#### 4.0 Cultural Wellbeing – Oranga ahurea

##### Reflecting and shaping Wellington's unique cultural identity

BY THE NUMBERS

**300+**

Cafes, bars and restaurants – that's more places to eat and drink per capita than New York<sup>14</sup>

**55 +**

Galleries in Wellington<sup>15</sup>

**100**

Food events in Wellington On a Plate, making it New Zealand's largest food festival<sup>16</sup>

**81 % and 92%**

New Zealanders and residents perceptions that Wellington has a culturally rich and diverse arts scene. This compares to 84% for New Zealanders and 91% residents in 2014/15<sup>17</sup>

<sup>14</sup> WCC Wellington City Profile – Key facts about the city

<sup>15</sup> WCC Wellington City Profile – Key facts about the city

<sup>16</sup> WCC Wellington City Profile – Key facts about the city

<sup>17</sup> WCC Residents Monitoring Survey 2016

*Cultural wellbeing – at a glance*

Outcomes	Connected-City	People-centred city	Eco-city	Dynamic-city
Relevant LTP objectives	<p>"Investing to grow" through establishing a programme of major projects that grow the economy and deliver returns on investment</p> <p>Investing to maintain and improve existing services, including making infrastructure more resilient and the city's transport system more efficient</p> <p>Increasing the use of existing assets rather than spending on new infrastructure</p> <p>Improving asset management practices to better manage risk and the timing of asset replacement</p> <p>Achieving ongoing efficiencies from shared services and improved customer experiences.</p>			
LTP key activities	Arts and Cultural Activities			
Relevant LTP projects	Inclusive and culturally diverse city, Increasing the range of visitor attractions, Increasing funding for major events, New Zealand Festival, An indoor arena, and Wellington Convention Centre			
Operational expenditure	Operational expenditure (as per financial summary)			

The strength of Wellington's creative culture depends on people, the output of artists, writers, musicians, and dancers and on the expressiveness of Wellington's communities. We fund events and festivals, support attractions such as Te Papa, the Carter Observatory (Space Place), and the city's galleries and museums, and also support community art and cultural activities. We work in partnership with the business community, and four other councils in the region, providing support for regional art and cultural activities.

We fund these activities because they matter to the lives of individual Wellingtonians, and to the community as a whole. They contribute to a diverse economy, and build on Wellington's reputation as New Zealand's arts and culture capital. They also make the city a more vibrant place to live, help develop healthy and connected communities, and improve residents' quality of life.

**Case study – Artsplash**

Artsplash is a 5-day young people's arts festival that brings together primary and intermediate schools from throughout the Wellington region to celebrate dance, music, visual art and wearable art. Around 8000 children participate in this unique-to-New Zealand event, which is organised and coordinated by Mary Prichard. During its 28 years, Artsplash has grown into a significant event on Wellington City Council's annual calendar.

Music-making "by young people, for young people" is at the heart of Artsplash. Youth orchestras perform alongside the Artsplash Band on the main stage, and smaller groups perform in the foyer as family and friends make their way into the auditorium. The festival

also includes students choreographing and performing their own dance routines, showcasing their own wearable art creations, and seeing their visual works of art displayed in a public exhibition.

"Artsplash is completely accessible to everyone – the kids come from all different backgrounds and there are no auditions," says Mary.

Artsplash has been a key early experience for many of our emerging young artists, including soprano Bianca Andrews, and internationally renowned tenor Ben Makisi and concert pianist Ludwig Treviranus

The 2016 festival was held at the Michael Fowler Centre over August and September 2015. Performances included partnerships with Virtuoso Strings, Wellington Youth Sinfonietta Orchestra, and Chilton Amadeus Orchestra

## 4.1 Arts and cultural activities - Ngā mahi toi me ngā ngohe ahure

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

### *What we do and why*

Our arts activities ensure Wellington builds on its reputation as New Zealand's arts and culture capital, by continuing to be home to top-class museums and art galleries, orchestras, dance and theatre companies. A strong arts and culture sector contributes to a diverse economy, a creative identity and connected communities, which is why we live here.

Our activities include:

- funding Te Papa, the Great War Exhibition, Wellington Museum, City Gallery, Capital E, the Cable Car Museum, Carter Observatory (trading as Space Place), and Nairn Street Cottage
- supporting events and cultural festivals
- providing grant funds to arts organisations
- managing the Toi Pōneke Arts Centre, and the city's art collection
- funding cultural grants
- access to and support for community arts
- funding arts partnerships
- partnerships with four other councils in the region to provide support for regional arts, cultural and environmental organisations and activities.

Over the year these activities contribute to the following outcomes:

<i>Outcome</i>	<i>Outcome statement</i>
<i>People centred city</i>	<ul style="list-style-type: none"> <li>• Museums, galleries and visitor attractions shape Wellington's sense of place and identity. They celebrate creativity and ideas and increase our understanding of culture and science.</li> <li>• Cultural grants support our creative sector ensuring the city is lively, full of festivals, shows and performances all year.</li> <li>• Support for community arts programmes and venues allows Wellington's creative communities to put on shows, festivals and performances</li> </ul>
<i>Dynamic city</i>	<ul style="list-style-type: none"> <li>• Cultural grants support Wellington's cultural institutions integral to our cultural</li> </ul>



<i>Outcome</i>	<i>Outcome statement</i>
	and events capital status. They provide shows and performances that make the city a lively place to visit, play and do business.

*Our key achievements*

**We supported a wide range of museums, galleries and visitor attractions (through arts and cultural projects) that shaped our sense of place and identity**

We commemorated the 100th anniversary of WW1 with a range of activities over the year, including commemorations for Anzac Week. A light and sound show at Pukeahu National War Memorial Park, *WW1 Remembered: A Light and Sound Show 2016*, highlighted New Zealand's contribution to the war during 1916 and 1917. *Remembrance*, a WW100 interactive public artwork by Squidsoup, was installed in Appleton Park, Karori, but was closed early due to vandalism.

We also supported the Great War Exhibition, which had a successful year in terms of visitor numbers and experience. The exhibition attracted 179,363 visitors for the year, including school groups. An admission charge for adults of \$15 was introduced by the Great War Trust from 1 March 2016 to provide additional and needed operational funding.

**Did you know?:**

In 2015, 57 % of New Zealanders and 63% of residents perceived Wellington as the arts capital of New Zealand. In 2016 this number increased to 58% of New Zealanders and 66% of residents<sup>18</sup>

We provided support to Te Papa, who had 1,784,939 visitors, a record even beating the opening year of 1998/99. The *Gallipoli: The scale of our war* exhibition continues to attract high levels of visitation. Te Papa's 2015/16 summer blockbuster exhibition, *DreamWorks Animation: The Exhibition*, closed on Easter weekend, with 137,105 total visits. This made it the fourth most popular paid entry exhibition in Te Papa's history, and the tenth most popular exhibition overall.

Minor, but still key city events included: Sky Show, Capital Christmas, New Year's Eve, and the Summer City Programme. Wellington Sky Show was successfully staged to an estimated audience of 100,000. A festive Capital Christmas included the Santa Parade and having the city dressed with bright lights, banners and flags, two large Christmas trees in Midland and Courtenay Place parks, and candy cane wrapping around the Railway Station pillars. The New Year's Eve event was staged in Frank Kitts Park to a capacity crowd, with a family friendly vibe and positive media feedback. We also supported a number of more local events and projects including Youth Circus, a new Wellington Street Art Map, the Young and Hungry festival of new theatre, and the Shakespeare Globe Centre NZ.

There was also positive feedback on the programming of Meridian Gardens Magic this year, validating our decision to present a bolder, more diverse and creative event offering. The partnership with Massey's School of Design, showcasing student light-based creations at the Botanic Garden, again brought an element of delight and innovation to Gardens Magic. We are in discussions with other faculties and institutions about possible future projects and collaborations.

**Did you know?:**


In 2015, 85% of residents agreed 'Wellington is an easy place to get involved with the arts'. In 2016 this number increased to 86%.<sup>19</sup>

<sup>18</sup> National Wellington Reputation Survey Results 2016

<sup>19</sup> National Wellington Reputation Survey Results 2016

There were three Courtenay Place Park light box exhibitions during the year, including The Visitors' and Romance, and we sponsored other community events, including the NZCT Dragon Boat Festival, the Island Bay Festival, Chinese New Year, and Newtown Festival.

Attendee satisfaction with Council supported events declined. The reasons for low satisfaction included postponement of one event and bad weather. In addition, some attendance figures were overrated and the capacity of some venues limited.


Measure	2015/16 Actual Performance	2015/16 Target
Attendee satisfaction with Council supported arts and cultural festivals	85% 	90%
		2014/15 Performance 84%

Source: New Zealand Festival

Through our Council Controlled Organisation the Wellington Museum Trust we supported our visitor attractions and museums.

<b>Council Controlled Organisation – Wellington Museums Trust</b>		
The Wellington Museums Trust operates six institutions on behalf of Wellington City Council. These are Capital E, Space Place at Carter Observatory, City Gallery Wellington, Nairn Street Cottage, Wellington Museum (including the Plimmer's Ark display in the Old Bank Arcade) and the Wellington Cable Car Museum.		
<b>Relevant Council outcomes</b>		
<i>People centred city</i> <i>Connected city</i> <i>Dynamic city</i>	Museums, galleries and visitor attractions shape Wellington's sense of place and identity. They celebrate creativity and ideas and increase our understanding of culture and science.	
<b>Key activities</b>		
The main activities of the Trust are:		
<ul style="list-style-type: none"> <li>• delivering experiences, events and exhibitions</li> <li>• conservation of its collections</li> <li>• research and Development to enhance visitor experiences</li> <li>• education experiences to children and young people</li> <li>• protection of heritage of venues</li> <li>• Soundhouse Studio and work with artists and collectors</li> </ul>		
<b>Key achievements</b>		
The Trust celebrated 20 years of managing and developing the Trust assets since its establishment in 1995.		
<b>Museums, galleries and visitor attractions shape Wellington's sense of place and identity. They celebrate creativity and ideas and increase our understanding of culture and science</b>		
The Attic development at Wellington Museum was completed in the second half of the year. Visitation to the Wellington Museum was 133,470 against a target of 120,000. The Trust launched Space Place at Carter Observatory under a new business model and exceeded visitation expectations for the year. City Gallery hosted popular exhibitions including <i>Fiona Pardington: A Beautiful Hesitation</i> and <i>Francis Upritchard: Jealous Saboteurs</i> which opened in May. <i>Demented Architecture</i> which included the work of Wellington artist Kirsty Lilico and acclaimed Danish artist Olafur Eliasson, brought in Lego enthusiasts of all ages to contribute to <i>The Cubic Structural Evolution Project</i> . The Wellington Museums Trust's institutions attracted 688,169 visitors for the year, well above the target of 600,000, with City Gallery, Wellington Museum, Cable Car Museum, Capital E and Space Place visitation rates all above target.		
Interesting Fact	2015/16 Actual	2015/16 Target



Total visitors	Total visitors: 688,169	600,000
		2014/15 Actual 689,414

Source: Wellington Museums Trust

**We provided a number of grants to support our cultural sector ensuring the city is lively, and full of festivals and performances. These grants also support cultural institutions integral to our cultural and events capital status**

Our Arts and Culture Fund focuses on four areas: the city as a hothouse for talent, Wellington as a region of confident identities, active and engaged people, and our creative future through technology. The fund supports projects and key partnerships for key arts institutions in the city. Over the year we supported 69 projects with \$235,795, with grants ranging from \$500 for a community Matariki festival to significant large scale youth theatre, projects around the commemorations for WW1 and community murals.

In partnership with four other councils in the region, we support the Wellington Regional Amenities Fund. Ten arts and environmental organisations from around the Wellington region were granted funding from the 2014/15 round, including Aratoi Museum of Art and History, Circa Theatre, Festival of the Elements, LUX Festival Trust, Mahara Gallery, Matariki Festival, Nature Connections, New Zealand Festival, Orchestra Wellington, and the Wellington Museums Trust project, and Kids to the Capital. We contributed \$609,200 towards the \$1,053,200 distributed by the fund in 2015/16.

Projects that reach across the region like Nature Connections, Matariki, and the Kids to the Capital initiative, which have all received funding over the past 2 years, are well underway and are developing and implementing new models for working – championing collaboration over competition.

**We supported community arts programmes and venues allowing our creative communities to put on shows, festivals and performances**

We worked with new arts organisation Vivid to support their inaugural Street Art Festival during Fringe 2016 resulting in three new murals in the city. The inaugural Ahi Kaa festival was held during Matariki 2015, celebrating Māori theatre and dance across four theatres and supported via the Arts and Culture Fund. The inaugural Spring Uprising Festival took place in Vogelmorn in September 2015. This festival was focused on community participatory arts practice and was supported by an Arts and Culture Grant<sup>20</sup>.

We facilitated the community project, Art in the Park, at the Terrace Gardens as part of Parks Week to enliven the space and encourage people to use it. Musicians played and two artists, developed a mosaic and a mural in partnership with local residents. We also supported artists and purchased 10 artworks for the City Art Collection, and continued to support a number of artists in residence programmes, including the Wellington Asia Residency Exchange and Te Whare Hēra.

We also continued to support artists in Wellington through our Toi Pōneke Arts Centre. Toi Pōneke celebrated its 10<sup>th</sup> anniversary with an open day, including a full programme of local musicians, performance art, public talks and open studios and offices. Toi Pōneke Gallery delivered 13 exhibitions during the year and held seven public programmes. An Open Studios Day was held during CubaDupa.

We worked, often in partnership, on a number of mural projects in the city, including:

<sup>20</sup> List of grants; <http://wellington.govt.nz/~media/services/community-and-culture/funding/files/arts-and-cultural-fund.pdf?la=en>.

- With Wellington Cable Car Limited on a project to design murals for a series of new trolleybus cabinets installed across the city.
- Waituhi 2015, a Matariki mural printed onto a billboard skin installed under the City to Sea Bridge.
- With Westpac Stadium to launch the Westpac Stadium community mural projects in December. Six artists workshopped with 12 schools to paint a total of 12 murals (two per artist) on the walls of the internal stadium concourse to celebrate the stadium's 15th anniversary, enliven the stadium walls, and engage audiences across the Wellington region
- With Eastern Southern Youth Trust and artist Chris Barrand to support the development of a community mural in Strathmore at Tairaroa Park
- With the Karori community on a large-scale mural on the new retaining wall at Karori Road. Artists Ruth and Ian Taylor painted the mural, after a series of workshops with schools in the area to brainstorm ideas
- With the residents of Flagstaff Hill in collaboration with mosaic artist Rachel Silver and street artist Olivier Kenneybrew. They developed a series of artworks in and around the Terrace Gardens that reduce graffiti, enliven the space and, reflect and complement the heritage and the surrounding urban, green environment

Temporary public art projects were also supported, including PARK(ing) Day on 9 March, a day of temporary installations in car parks throughout the central city, organised by the Wellington Sculpture Trust.

Masons Screen, a 24 hour outdoor screen for video art, was launched in December as part of the Council's Masons Lane upgrade. We are partnering with arts organisation CIRCUIT Artist Film and Video Aotearoa New Zealand to deliver the pilot programme over the next year, with a new video featured each month.

#### *Our performance*

**Quality and usage of arts and culture support activities:** There was an increase from last year in attendee satisfaction with the arts and cultural festivals we support. We were below our target for this measure. This is largely due to events such as weather postponements that are beyond our control. Customer satisfaction with the New Zealand Festival has increased from 2014. The economic impact of the New Zealand Festival was below target largely because many of our regional visitors chose to attend the earlier Royal Edinburgh Military Tattoo, instead of the New Zealand Festival the following weekend. Further detail can be found in the section "Measuring our Performance".

#### *Finances*

##### *How it was funded*

Services in this activity are funded through a mixture of general and targeted rates and external grants and subsidies from non-Council sources

What it cost 2015/16

	Actual 2016	Budget 2016	Variance 2016	Actual 2015
<b>Operating Expenditure (\$000)</b>				
<b>4.1.1 City Galleries and Museums</b>				
Expenditure	9,094	9,208	114	8,379
Revenue	-	-	-	-
Net Expenditure	9,094	9,208	114	8,379
<b>4.1.2 Visitor attractions (Te Papa/Carter Observatory) 1</b>				
Expenditure	3,121	2,840	(281)	3,033
Revenue	-	-	-	-
Net Expenditure	3,121	2,840	(281)	3,033
<b>4.1.3 Arts and cultural festivals</b>				
Expenditure	2,601	2,692	91	3,569
Revenue	(263)	(410)	(147)	(441)
Net Expenditure	2,338	2,282	(56)	3,128
<b>4.1.4 Cultural grants</b>				
Expenditure	856	858	2	1,037
Revenue	-	-	-	-
Net Expenditure	856	858	2	1,037
<b>4.1.5 Access and support for community arts</b>				
Expenditure	659	659	0	569
Revenue	(74)	(62)	12	(63)
Net Expenditure	585	597	12	506
<b>4.1.6 Arts partnerships</b>				
Expenditure	2,271	2,277	6	1,834
Revenue	(507)	(515)	(8)	(482)
Net Expenditure	1,764	1,762	(2)	1,352
<b>4.1.7 Regional Amenities Fund</b>				
Expenditure	641	609	(32)	656
Revenue	(32)	-	32	(34)
Net Expenditure	609	609	0	622
<b>Capital Expenditure (\$000)</b>				
<b>4.1.1 City Galleries and Museums 2</b>				
Expenditure	1,644	1,914	270	1,807
Unspent portion of budget to be carried forward	N/A	-		N/A
<b>4.1.2 Visitor attractions (Te Papa/Carter Observatory) 3</b>				
Expenditure	268	311	43	554
Unspent portion of budget to be carried forward	N/A	43		N/A
<b>4.1.4 Cultural grants 4</b>				
Expenditure	40	100	60	-
Unspent portion of budget to be carried forward	N/A	60		N/A
<b>4.1.5 Access and support for community arts 5</b>				
Expenditure	16	26	10	10
Unspent portion of budget to be carried forward	N/A	-		N/A

1 Over budget due to additional depreciation and impairment of Carter Observatory assets.

2 Wellington Museum upgrade completed under budget.

3 Under budget due to delays and changes in the Cable Car Trail project.

4 Under budget due to the design process taking longer than expected for the Pou Whenua to be placed at the Taputeranga reserve.

5

Cultural wellbeing – overall summary

We made progress towards the activities for year one of the LTP despite some delays in our capital works programme. Generally speaking, Wellingtonians have a positive attitude towards the role we play as the arts capital of New Zealand. Visitor numbers were up for our museums, galleries and Te Papa. The economic impact of the Festival shows a decline – but these figures exclude the impact of the Royal Edinburgh Military Tattoo held in the last week of the festival. There were delays to our capital programme although we successfully completed the Wellington Museum upgrade under budget. On balance, our activities in this area are a significant boost the achievement of our outcomes.

## 5.0 Social and Recreation – Papori me te hakinakina

### Sustaining safe, resilient and healthy communities

BY THE NUMBERS
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**1.3 m**

Number of swims residents took in city pools.  
This compares to 1.2 m in 2014/15<sup>21</sup>

**94 %**

Occupancy rate of available housing facilities.  
This is a 4% above our target.<sup>22</sup>

*Social and Recreation – at a glance*

Outcomes	Connected-City	People-centred city	Eco-city	Dynamic-city
Relevant LTP objectives	<p>"Investing to grow" through establishing a programme of major projects that grow the economy and deliver returns on investment;</p> <p>Investing to maintain and improve existing services, including making infrastructure more resilient and the city's transport system more efficient;</p> <p>Increasing the use of existing assets rather than spending on new infrastructure;</p> <p>Improving asset management practices to better manage risk and the timing of asset replacement; and</p> <p>Achieving ongoing efficiencies from shared services and improved customer experiences.</p>			
LTP key activities	Recreation promotion and support	Community support	Public health and safety	
Relevant LTP projects	<p>Social housing, Homelessness, Recreation and community facilities, Basin Reserve re-development, National Hockey Stadium, Johnsonville facility Improvements, Dog exercise areas, Removing graffiti and a child friendly city</p>			
Operational expenditure	Operational expenditure (as per financial summary)			

The Council's social and recreation work includes providing housing for people in need, funding city safety initiatives, regulating and monitoring food and liquor outlets, preparing to deal with earthquakes and other emergencies, providing community and recreation centres and halls, providing public toilets and cemeteries, pools and libraries, supporting community groups and events, providing sport and recreation facilities, neighbourhood playgrounds and dedicated areas for our dogs. In this activity area we fund, facilitate and sometimes regulate. We work with others and ensure we don't replicate the effort of clubs, volunteer organisations, businesses and individuals to help themselves.

We fund these services because they matter to the lives of individual Wellingtonians, and to the community as a whole. They help to protect the most vulnerable people, keep people safe and healthy, and strengthen communities.

These activities also provide opportunities for people to live healthy lifestyles, to reach their potential, and to enjoy themselves.



## 5.1 Recreation, promotion and support - Ngā rauhangā hapori

We provide a wide variety of community facilities throughout the city to encourage quality of life and healthy lifestyles

### *What we do and why*

Our sporting and recreation facilities encourage people of all ages to engage in activities that help them live more active and healthy lives. Some facilities also attract visitors and raise the city's profile by hosting national and international events. Our activities include:

- swimming pools - we have seven swimming pools for people to learn to swim, exercise, participate in aquatic sports and have fun
- sportsfields (including synthetic) - 44 natural and nine artificial sports turfs (two in partnership with schools), eight croquet lawns, Newtown Park running track, a velodrome, and tennis/netball courts
- recreation centres - four multi-purpose recreation centres plus the ASB Sports Centre
- recreation partnerships, programmes and leases
- playgrounds
- marinas - The Evans Bay Marina and Clyde Quay Boat Harbour
- golf course - Berhampore Golf Course.

Over the year these activities contribute to the following outcomes:

<i>Outcome</i>	<i>Outcome statement</i>
<i>People centred city</i>	<ul style="list-style-type: none"> <li>• <b>Swimming pools, sportsfields, recreation centres, golf courses and recreation programmes provide access to sport and recreation opportunities important for people's health and the well-being.</b></li> <li>• <b>Playgrounds provide access to recreation opportunities and physical play for younger children which is important for their development and health and well-being .</b></li> <li>• <b>Marinas support access to the harbour and the coast for recreation, fishing and enjoyment.</b></li> </ul>
<i>Connected city</i>	<ul style="list-style-type: none"> <li>• <b>Swimming pools, sportsfields, recreation centres, golf courses and recreation programmes bring people together, strengthening social cohesion and making the city a better place to live.</b></li> </ul>

### **Did you know?:**

Wellington has over 40 sport grounds which are used for club and school sport throughout the year.





### *Our key achievements*

**We made significant progress providing facilities to give residents access to sport and recreation opportunities important for health and well-being and that bring people together, strengthening social cohesion and making the city a better place to live**

We completed gravel banding to improve drainage on the sports field at Karori Park, and began the development of two sand sportsfields at Martin Luckie Park. We applied for consent to construct a new artificial surface at (the former) Terawhiti Bowling Club in Karori, and the new artificial hockey turf at Mt Albert Park. User satisfaction with our artificial


sportsfields has increased over the year, and is significantly above target. Satisfaction with grass fields is below target and has declined since last year largely due to environmental conditions beyond our control.

Utilisation of our artificial sportsfields was generally less than expected. Whilst well used in July for school holiday programmes, unpredictable weather and costs meant Primary Schools were reluctant to make bookings over the rest of the off peak winter period. Usage in peak summer is generally low as schools use their own field, and low in off peak winter because of low demand on weekend evenings. Summer usage increased with the American football at Alex Moore Park and increased training hours at Nairnville.

Measure	2015/16 Actual Performance	2015/16 Target
Percentage of utilisation of artificial sports fields	Peak Winter 68% 	Peak Winter 80%
	Peak Summer 36% 	Peak Summer 40%
	Off Peak Winter 15% 	Off Peak Winter 25%
	Off peak Summer 10% 	Off peak Summer 20%
		2014/15 Performance
		Peak Winter 68%
		Peak Summer 32%
		Off peak Winter 25%
		Off peak Summer 11%

Source: Parks and Recreation

An upgrade at the Wellington Regional Aquatic Centre, which included relocating and refurbishing the Club Active Gym, and, upgrading the front of house and the spa areas, was also completed. Planning work is also underway for the refurbishment of the Hataitai Park softball and Kelburn Park sports pavilions. The number of visits to swimming pools has increased from last year, and is above target. User satisfaction with swimming pools has improved from last year but is still below target.

Measure	2015/16 Actual Performance	2015/16 Target
User satisfaction with swimming pools	88% 	90%
		2014/15 Performance
		85%

Source: Parks and Recreation



We worked with sports clubs and schools at Kilbirnie Park, Alex Moore Park and Hataitai Park on the formation of community sports hubs, and with the Lyall Bay Surf Life Saving Club regarding the planning of their proposed new surf club building.

**Did you know?:**

The frequency residents engage in physical activity has increased from 71% in 2014/15 to 74% in 2015/16<sup>24</sup>.

Work within the Basin Reserve Masterplan also started. During the year we completed the construction of the upgraded ground keeping facilities and started working on deferred maintenance on the Vance Stand.

Our recreation facilities continued to host a range of local, regional, national and international competitions in a range of sports, including: swimming, diving, underwater hockey, waterpolo, basketball, netball, volleyball, futsal and floorball. Whilst usage of our community halls has increased, usage of community centres has decreased.

Measure	2015/16 Actual Performance	2015/16 Target
Residents usage of City councils community and recreation facilities	<b>Community Hall 21%</b> 	N/A
		2014/15 Performance
	<b>Community Centre 20%</b> 	19%
		22%

Source: WCC Resident Monitoring Survey

Other achievements include our pool lifeguards who won the National Pool Lifeguard Championship, and we provided funding and support for emerging athletes via the Wellington City Council Sport Talent Development programme.

**Case study. Shift: improving young women's wellbeing in Wellington**

Shift is a pilot project led by our Community Partnerships Team within Parks, Sport and Recreation. It began in February 2016 and aims to increase the physical activity levels and wellbeing of young Wellington women through co-design and empowering them to build their own solutions to health and wellbeing issues.


Shift focusses on five areas:

- delivering 10-week programmes around physical activity and wellbeing in Wellington secondary schools
- building core groups of female Shift Leaders who are mentored to champion physical activity and wellbeing within their schools and wider communities
- increasing the number of fun, social, low-cost community-based physical activity and wellbeing opportunities on offer in Wellington – targeting young women aged 12–20 years
- "Give back, Shift forward" – a crowdsourced fund through PledgeMe, where young women can apply for funding to participate in movement opportunities in Wellington
- Shift Jams, held at BizDojo, for groups of young Wellington women to practise leadership, and learn about social entrepreneurship and building wellbeing solutions using a people-focussed approach.

To date, Shift has engaged with more than 200 young Wellington women and held more than 50 Shift activities and events using our open spaces and recreational facilities. The first round of the Give back, Shift forward fund opened 1 July and aims to support at least 20 young women in accessing a physical activity opportunity that would, for financial reasons, be otherwise unavailable to them.

<sup>24</sup> WCC Residential Monitoring Survey

Shift is a joint initiative between Wellington City Council and The Boys and Girls Institute, funded by grants from Sport Wellington, the Ministry of Social Development, Lottery Community and supported by a vast array of individuals and organisations who are passionate about seeing young Wellington women flourish. Shift aims to engage with a minimum of 600 young women in 2016 and continue the project in 2017

Measure	2015/16 Actual Performance	2015/16 Target
Resident's perceptions that there are barriers to participating in recreation activities.	See Reference Page Fig. 6 for full detail 	2014/15 Performance
		See Fig. 6

Source: WCC Resident Monitoring Survey

**We provided playgrounds to give access to recreation opportunities and physical play for younger children which is important for their development and health and wellbeing**

Over the year we completed four playground renewals at Gilbert Young Play Area, Churchill Park & Play Area, Chorley Grove Play Area, and Cheyne Walk Play Area. To assist our younger people we used money (\$250,000) received from the New Zealand Community Trust towards our 'Youth in Sport' programme at the ASB Sports Centre, the 'Push-Play' programme, and the 2016 Dragon Boat Festival.

**We carried out work on our marinas to support access to the harbour and the coast for recreation, fishing and enjoyment**

Renewal works were completed at the Evans Bay Marina, including the replacement of piles, bearers and fendering.

Did you know?:  
The Berhampore Golf Course opened in 1915 as a nine hole golf course and was extended to a 18 hole course in 1921. Nestled in the Town Belt today it offers Wellingtonians a multi-sports complex - Morningside Golf Club - which also offers Bowls, Bocce (an Italian version of bowls) an under 5 year old playgroup ,and a Tai Chi group.

*Our performance*

**Quality and usage of recreation facilities:** We didn't meet our targets for the use of artificial sports fields - peak and off-peak. Whilst winter off-peak usage is based on football school holiday programmes, at other times usage depends on the demand from schools which is driven by the unpredictable weather and costs. User satisfaction with swimming pools was also below our target, although an improvement on last year. There was an increase in visits to pools from last year and we exceeded our target. User satisfaction with recreation centres was also below our target but an improvement on last year. Visits to recreation centres including the ASB Sports Centre increased from last year and exceeded our target. Further detail can be found in the section "Measuring our Performance".



*Finances*

How it was funded

Services in this activity are funded through a mixture of general rates and user charges.

What it cost 2015/16

<b>Operating Expenditure (\$000)</b>	<b>Actual 2016</b>	<b>Budget 2016</b>	<b>Variance 2016</b>	<b>Actual 2015</b>
<b>5.1.1 Swimming Pools 1</b>				
Expenditure	21,138	20,476	(662)	20,520
Revenue	(7,017)	(7,587)	(570)	(6,806)
Net Expenditure	14,121	12,889	(1,232)	13,714
<b>5.1.2 Sportsfields</b>				
Expenditure	3,272	3,405	133	3,417
Revenue	(273)	(295)	(22)	(319)
Net Expenditure	2,999	3,110	111	3,098
<b>5.1.3 Sportsfields (Synthetic)</b>				
Expenditure	1,258	1,354	96	1,237
Revenue	(473)	(524)	(51)	(418)
Net Expenditure	785	830	45	819
<b>5.1.4 Recreation Centres 2</b>				
Expenditure	9,425	9,702	277	9,705
Revenue	(2,754)	(2,657)	97	(2,653)
Net Expenditure	6,671	7,045	374	7,052
<b>5.1.5 Recreation partnerships</b>				
Expenditure	992	1,088	96	1,049
Revenue	-	-	-	-
Net Expenditure	992	1,088	96	1,049
<b>5.1.6 Playgrounds</b>				
Expenditure	759	737	(22)	746
Revenue	0	-	0	0
Net Expenditure	759	737	(22)	746
<b>5.1.7 Marinas 3</b>				
Expenditure	565	602	37	511
Revenue	(596)	(592)	4	(582)
Net Revenue	(31)	10	41	(71)
<b>5.1.8 Golf Course 4</b>				
Expenditure	225	270	45	221
Revenue	(60)	(77)	(17)	(58)
Net Expenditure	165	193	28	163
<b>5.1.9 Recreation programmes 5</b>				
Expenditure	252	282	30	345
Revenue	(128)	(15)	113	(59)
Net Expenditure	124	267	143	286
<b>Capital Expenditure (\$000)</b>	<b>Actual 2016</b>	<b>Budget 2016</b>	<b>Variance 2016</b>	<b>Actual 2015</b>
<b>5.1.1 Swimming Pools</b>				
Expenditure	2,535	2,417	(118)	5,185
Unspent portion of budget to be carried forward	N/A	-		N/A
<b>5.1.2 Sportsfields 6</b>				
Expenditure	1,125	575	(550)	517
Unspent portion of budget to be carried forward	N/A	75		N/A
<b>5.1.3 Sportsfields (Synthetic) 7</b>				
Expenditure	223	223	0	47
Unspent portion of budget to be carried forward	N/A	337		N/A
<b>5.1.4 Recreation Centres 8</b>				

Expenditure	112	246	134	27
Unspent portion of budget to be carried forward	N/A	14		N/A
<b>5.1.5 Recreation partnerships 9</b>				
Expenditure	857	4,006	3,149	234
Unspent portion of budget to be carried forward	N/A	0		N/A
<b>5.1.6 Playgrounds</b>				
Expenditure	429	414	(15)	602
Unspent portion of budget to be carried forward	N/A	-		N/A
<b>5.1.7 Marinas</b>				
Expenditure	524	522	(2)	92
Unspent portion of budget to be carried forward	N/A	36		N/A

1 Over budget due to lower revenue and higher labour costs.

2 Under budget due to higher revenue and savings in interest costs.

3 Under budget due to lower maintenance costs.

4 Under budget due to lower maintenance & vehicle costs.

5 Under budget due to additional revenue to support programmes.

6 Over budget due to unbudgeted works on Martin Lucke park to support elite sport. Additional funding of \$550,000 was approved by Council.

7 Under budget due to delays in completing the additional turf for the National Hockey Stadium and the synthetic turf sportsfield for Terawhiti park.

8 Under budget due to savings in the capital renewal programme.

9 Under budget due to delays in the upgrade works planned for the Basin reserve.

## 5.2 Community participation and support - Tautoko hapori

We provide leadership as a key influencer on the city's wellbeing through partnerships and/or collaborations to improve community wellbeing and to ensure local services meet local needs. We support a city wide network of community spaces, libraries, support community organisations, and provide homes for people whose needs are not met by state housing or the private housing market.

### *What we do and why*

We want Wellington to be a people-centred city that supports diverse and inclusive communities. We support a network of community spaces and libraries to provide a focal point for community activities and programmes. We also support community leadership and advocacy to strengthen community resilience and safety.

We partner with Police and social agencies to coordinate a city-wide approach to homelessness. By providing social housing, with a focus on tenant welfare, we provide stability for vulnerable households. Our activities include:

- Libraries - 12 libraries plus an online branch providing access to a wide array of books, CDs, magazines, DVDs, e-books and e-audio, online journals, and e-music tracks
- Access support (Leisure Card) – we provide discounted pricing for recreation services and facilities, enabling access for those who couldn't otherwise afford it
- Community advocacy and support – we support community and service providers and programmes to meet the needs of our diverse communities and most vulnerable residents. We partner with key social and health agencies to ensure there is a coordinated approach to addressing emerging community issues
- Grants (social and recreation) -we support projects and organisations contributing to community resilience, fostering strong, sustainable communities



and build capacity in the community, this includes support for local community projects, facilities and organisations

- Community centres and halls – we provide community facilities and services, including a city-wide network of 21 community centres and halls offering services, programmes, spaces for hire, childcare and education services
- Housing – we house approximately 4,000 people in 2,200 units.

Over the year these activities contribute to the following outcomes

<i>Outcome</i>	<i>Outcome statement</i>
<i>People centred city</i>	<ul style="list-style-type: none"> <li>• <b>Libraries are neighbourhood institutions that anchor community life and bring people together.</b></li> <li>• <b>We support the development of individual wellbeing, safe neighbourhoods and cohesive, engaged and inclusive communities.</b></li> <li>• <b>Social and recreation grants promote individual well-being, safe neighbourhoods and cohesive, engaged and inclusive communities. They also support active and healthy lifestyles through support of recreation and sporting groups.</b></li> <li>• <b>Community housing provides an opportunity for a home and better quality of life for those less well off without unreasonable hardship.</b></li> <li>• <b>Community centres and halls are important anchors in our community. They are a place to gather, strengthen social cohesion, and make the city more appealing place to live.</b></li> </ul>
<i>Connected city</i>	<ul style="list-style-type: none"> <li>• <b>Libraries are places of learning and allow connections with others and the exchange of knowledge.</b></li> </ul>


**Did you know?:**

That Wellington had NZs first Library the Port Nicholson exchange and Public Library that opened in 1841

***Our key achievements***

**We continued to work on our libraries which are neighbourhood institutions that anchor community life and bring people together**

As part of the celebrations marking 175 years of public library service in Wellington, our Mayor unveiled a plaque at the spot near Parliament where a raupo hut stood – Wellington’s first library. These celebrations included a series of events under the general title of Libris 175. Our Libraries and Community Spaces took part in the first New Zealand Chinese Language Week (September 2015). They hosted a variety of events including language lessons, story time for children, and painting and calligraphy classes. Progress also continued on our Johnsonville Library which is becoming part of the community facilitates hub in Johnsonville. Located on Moorefield Road, near the Johnsonville Community Centre and Keith Spry pool, the renown Wellington Architects – Athfield Architects – worked with the community on possible design options. The design chosen has a covered walkway that connects the new library, to the recently renovated Keith Spry Pool, and though to Memorial Park. User satisfaction with library services and facilities has improved.

Measure	2015/16 Actual Performance	2015/16 Target
User satisfaction with Library services and facilities	93% 	90%
		2014/15 Performance
		87%

Source: WCC City Libraries

**We improved the use of our Libraries as places of learning and allow connections with others and the exchange of knowledge**

We ran a Summer Reading Challenge over the 2015 Christmas holidays. The challenge was for children (aged 5-12) to read and review as many titles as they could from the Challenge booklist. Running in parallel was the 'Libraries Challenge' where children were challenged to visit each Wellington library and complete a fun literacy-based activity. This was the fourth summer that the Summer Reading Challenge was held, and each year has seen a growth in awareness and participation. The 2015/16 Summer Reading Challenge had the highest level of participation to date. Other library systems and schools in New Zealand are interested in the programme, with a view to potentially replicating it in their area.

**Did you know?:**

We now have a new system for the circulation and management of our library collection. We have replaced the old barcode and electromagnetic system with a Radio Frequency Identification (RFID) tag in all 800,000 of our collection items. We did this because our existing system was reaching the end of its useful life and repair of the supporting equipment was difficult with spare parts not readily available. RFID provides greater customer self-service, and allows our staff to focus on valued-added services such as community outreach, programmes and reader's advisory.

**We continued to undertake community advocacy to support the development of individual well-being, safe neighbourhoods and cohesive, engaged inclusive communities.**

We have a strong interest in ensuring the city's social infrastructure is robust and responsive to local needs. We achieve this by supporting and building community resilience and advocate to ensure the city's most vulnerable are supported. For example, we have a Zero Tolerance approach to loneliness. The importance of this work has been highlighted with the tragic deaths of residents found undiscovered (for some time) in their homes. We established a cross agency working group to target services to support such isolated people and help identify gaps in their current support. Our Zero Tolerance approach to loneliness involves working with agencies such as Age Concern, the Mental Health Foundation, Neighbours Day Aotearoa, Wesley Community Action and St Vincent de Paul. We established an ongoing drop-in service for residents at our Dixon St flats, the location of an undiscovered (for some time) death. We also worked with the St Pauls apartment's body corporate to put on a Neighbours Day event-getting to know your neighbours-in response to the death of a long-term tenant.

We continued to work with partner organisations, such as the Police and Housing New Zealand to improve community outcomes in Strathmore Park. A Long-term plan for the rejuvenation of Strathmore Park was developed using a community led engagement process. The plan identified a need for a local community space - to enable services and programmes to be developed and delivered locally. We plan to have this in place by August 2016.

Over the year we welcomed new refugee families into Wellington. All new arrivals were given a Council welcome pack – that was translated into relevant languages. The welcome pack included an introduction to the city, council services and community facilities. We also continued to develop excellent working relationships with the Red Cross and other councils in our region, to enable a joined up response to the needs of new refugees.


We undertook innovative work to better understand begging and address residents' concerns about the increase of begging on our streets. The purpose of our Begging Project was to develop a community approach to stop street begging. During the project we spoke with people who beg as well as residents, retailers, the police, and social services agencies. The project concluded the underlying national issues that lead to begging need addressing, and a joined up approach to street management was needed.

We built on our commitment to end homelessness by continuing to fund the objectives of the community driven collaboration – Te Whakamura Ai te Ahi. We also increased resources to our street outreach team. A new strategic leadership group, chaired by our Mayor, was established to end street homelessness in Wellington by 2020.

Our community focussed work in the inner city included a number of community activities. We established an Inner City Liaisons Forum for community organisations to focus on and align approaches to inner city community issues. We continued to develop central city based initiatives in partnership with the Police, residents and retailers. This included a community garden on Bond Street –an ongoing project seeking to build local community neighbourliness in the area.

We continued our focus on projects to improve accessibility, and worked with the Blind Foundation on placing sensors throughout the city. These sensors will provide real-time geospatial information, which can be accessed by a smartphone app, to assist the blind, and vision impaired, to safely navigate around the city.

We also continue to support accessibility through our City Mobility project. A joint initiative with the TSB Bank, City Mobility provides free mobility scooters to help people get around and enjoy Wellington city. A second mobility scooter site was more recently added at Wellington Railway Station. Our partnership with the Halberg Trust has resulted in a free beach wheel chair which can be found at the Freyberg Pool in Oriental Bay. We are still below our target in relation to our Accessible Wellington Action Plan initiatives, we made progress since 2014/15.

Measure	2015/16 Actual Performance	2015/16 Target
Accessible Wellington Action Plan initiatives planned for next year.	85% 	90%
		2014/15 Performance 77%

Source: WCC City Communities

**Did you know?:**

As part of our Urban Agriculture programme we have supported 40 groups who have joined the Guardian Fruit tree programme this year. These groups will be planting round 120 fruit trees across the city. We have over 30 community gardens, a well-established network of community orchards and the first urban farm was established last year.



As part of our Growing Your Neighbours programme we worked with the community to record their stories. This programme started as #wellynextdoor see <http://www.wellynextdoor.co.nz/>. Community story-telling ensures important memories and stories stay in our collective memory and can be shared with future generations. Our Growing Your Neighbours programme has continued to grow and connect Wellingtonians in the inner city. In particular, it connects residents in apartments reducing social isolation that often results from the transient nature of apartment living.

Case Studies – #wellynextdoor edits by the business

The #wellynextdoor programme is helping our city become a safer and nicer place to live by connecting Wellingtonians and increasing communication between neighbours.

A group of third-year Massey University students worked with the Council's Community Services team to create a project that would help neighbours get to know each other in an organic, genuine and spontaneous way. The result was #wellynextdoor, which included the theme "peg up your stories". We asked residents to share a story about their neighbours on our special postcards – how they met or interacted – and this provided a catalyst for other people to meet their neighbours. The students turned a selection of these stories into animated videos, which are on the Council's website and #wellynextdoor website.

The #wellynextdoor recording caravan gave Wellingtonians the opportunity to share their stories about what they enjoyed most about Wellington. In the lead-up to Anzac Day 2016, people were encouraged to record their memories and experiences of New Zealand's contribution to the wars. MP Nuk Korako told of his "journeys of remembrance" to places the 28th Māori Battalion fought in World War II – a special trip for family members of the soldiers. The collection of these stories means that they won't fade from our collective memory and can be used to educate future generations, and remember those who served.

**We continued to provide social and recreation grants to promote individual well-being, safe neighbourhoods and cohesive, engaged and inclusive communities. They also support active and healthy lifestyles through support of recreation and sporting groups.**

Our grants continued to support our city wide network of community centres. Over the year we supported local organisations with 80 grants totalling \$290,332. This figure included 28 grants under \$500 through our Neighbours Day Aotearoa Fund, and support for local residents associations and community projects. We also provided some organisations with multi-year contract funding to support the delivery of community services<sup>25</sup>.

Our Pools Partnership Fund supported local schools by increasing the total available pool capacity and providing aquatic programme opportunities throughout the city. As a result Wellington East Girls College and Rewa Rewa School have started upgrading their pools. Berhampore and Kilbirnie Schools also received support for facility improvements, and Newtown and Kahurangi Schools started planning for building work and refurbishment in 2016/17.


<sup>25</sup> Our list of grants can be found at <http://wellington.govt.nz/~media/services/community-and-culture/funding/files/social-and-recreation-fund.pdf?la=en>

Our Sportsville Partnership Feasibility Fund also supported the Worsler Bay Boating Club, and Wellington Tennis Incorporated (Renouf Tennis Centre). They are developing plans to 'hub' sport facilities in the city.


This year we added two new focus areas to our community grants projects to support community resilience and the settlement of refugees in the city. Building our social resilience is part of our Resilience Strategy which is a key focus area in our Long-term plan 2015/25.

**We made progress providing community housing which provides an opportunity for a home and better quality of life for those less well off without unreasonable hardship**

We provided affordable housing for nearly 4,000 tenants from low-income households that would otherwise have struggled to make their homes in the city. The majority of our tenants are satisfied with their housing services and facilities, and overall condition of their house.

Measure	2015/16 Actual Performance	2015/16 Target
Percentage of tenants satisfied with housing services and facilities.	94% 	90%
		2014/15 Performance 94%

Source: WCC Tenant survey 2016


Measure	2015/16 Actual Performance	2015/16 Target
Percentage of tenants rating of the overall condition of their house/apartment (good and very good)	96% 	90%
		2014/15 Performance 95%

Source: WCC Tenant Survey 2016

Our City Housing Upgrade Project is the largest local government led social housing redevelopment project undertaken in New Zealand. With co-funding from central government and oversight from the Treasury and the Ministry of Business, Innovation and Employment, we are working (this is the 8<sup>th</sup> year in a 20 year programme) to upgrade 2,300 homes at a cost of \$400 million. We are on track with the 20 year programme agreed with Treasury for the Housing Upgrade project. During the year we continued construction of the Kotuku Apartments (Kilbirnie) and commenced site works for the Arlington Site 2 Apartments. At Arlington Site 2 we adopted a partnering approach with both architects and construction companies that resulted in a design build agreement and an innovative modular design for Arlington Site 2. This is a first for social housing in New Zealand, the design of the ten four storey blocks provides flexibility to reconfigure the unit sizes as demand changes. Demolition of the existing buildings started in March 2016 and the project is scheduled for completion in late 2018. A detailed business case for the Arlington Site 1 development was presented to Council's Community Sports and Recreation Committee. The reconfiguration and refurbishment of Kotuku Apartments (Kilbirnie) was a more traditional two phase approach. Phase I blocks were reoccupied in May/June 2015, and Phase II was completed in July 2016 and is now fully occupied.

Over the year we continued to work closely with Housing New Zealand (HNZ) at both a national and regional level to make best use of knowledge and resources. This included sharing tenancy management. We also continued to support HNZ by leasing some of our low-demand units to HNZ for their tenants whose current homes were being upgraded. Our housing effort has been recognised and we won both the regional and national New Zealand Institute of Architects Award for Marshall Court (Miramar) in the multi-unit residential category. The Marshall Court flats also won the Winstone Wallboards Residential Award at the New Zealand Commercial Project Awards. In addition, eight of our staff were recognised as Certified Housing Professionals by the Australasian Housing Institute for professionalism in social housing.

We ran a strength based community development programme alongside the housing upgrade to help increase social capital and community spirit and pride within City Housing communities. We continued to deliver a wide range of programmes focused on tenant wellbeing and increasing inclusiveness and connectedness. This included tenant led celebrations of Chinese New Year, Neighbours Day and Matariki. At our Tenant Forum on maintenance and repairs over 70 of our tenants attended. More of our tenants reported positive social contact over the year.

Measure	2015/16 Actual Performance	2015/16 Target
Housing Services tenants who report positive social contact	94% 	N/A
		2014/15 Performance 94%

Source: WCC Tenant Survey 2016


We continued to create safe and attractive communal areas, such as Hobart Park, Booth Street, Daniell Street and Darwin Street in Karori. In addition, over 80 tenant's volunteered to become kaitiaki – tenant leaders who put in thousands of hours each year to help improve their communities. We partnered with the NZ Fire Service and Police to promote fire safety at Berkeley Dallard Apartments.

We also identified a number of Special Housing Areas (SHA) where we offer a streamlined resource consent process through the Housing Accords and Special Housing Act (HASHAA). SHA qualifying developments must be predominantly residential and low rise (under six storeys or 27 metres high. This will help us increase the number and range of housing options in Wellington.

**We have undertaken work on our community centres and halls which are important anchors to our community – a place to gather and strengthen cohesion.**

We began the year by planning for upgrades of community facilities in Aro Valley Centre and Newtown. We also supported the establishment of new community centres in Seatoun and in Brooklyn, working in partnership with Brooklyn School and Housing New Zealand (at Centennial Flats). Occupancy rates for our community facilities are falling because demand is variable. The figures in the table below represent all seven of our community spaces. The majority of the other community spaces are at near full capacity during the popular times, which includes the afterschool period, mornings and evenings. However, some bookings are only for 6 to 8 months preventing other users from booking for the full year, though casual users are always welcome. Our Linden Community Centre is also a difficult space to fill because of its location.



Measure	2015/16 Actual Performance	2015/16 Target
Percentage of occupancy rates of community centres and halls	39% 	45%
		2014/15 Performance 34%

Source: WCC City Communities

#### *Our performance*

**Quality and usage of library services and community centres and halls:** Physical visits to our libraries decreased from last year and were below our target. This decline was largely a result of under reporting of door counter units (since resolved through our new RFID exit gates), closure of the Newtown Library for 3 months maintenance, and our on line services (such as making payments, reserving books, and borrowing ebooks and magazines). The number of library items issued increased from last year but did not meet our target. The increase over the year was a result of increased availability and usage of our eBook collection. We didn't meet our target largely because of continued declining issue rates for DVDs and CDs as more download and streaming options become available in the marketplace. Over the coming year we will review the viability of continuing to provide CD collections as the decline has accelerated faster than we had projected. User satisfaction with library services and facilities increased from last year and was above our target. Web site visits along with E-library user satisfaction increased over the year and numbers were above our targets. Occupancy rates for our community centres and halls (excluding the ASB Sports Centre) increased from last year but we didn't meet our target. This was largely because of the variable demand for space over the calendar year – which often prevents weekly bookings.

**Quality and usage of housing services:** We exceeded our targets for tenant satisfaction with services and facilities and the overall condition of their houses. Residents rating of the overall condition of houses was higher than last year. Our occupancy rate of available houses is also above our target. We achieved all of our milestones for our Housing Upgrade Project with the Crown. Further detail can be found in the section "Measuring our Performance".

#### *Finances*

##### How it was funded

Services in this activity are funded through a mixture of general rates and user charges.

What it cost 2015/16

	Actual 2016	Budget 2016	Variance 2016	Actual 2015
<b>Operating Expenditure (\$000)</b>				
<b>5.2.1 Libraries 1</b>				
Expenditure	21,129	20,843	(286)	20,635
Revenue	(1,452)	(1,590)	(138)	(1,542)
Net Expenditure	19,677	19,253	(424)	19,093
<b>5.2.2 Access support (Leisure Card)</b>				
Expenditure	102	105	3	56
Revenue	-	-	-	-
Net Expenditure	102	105	3	56
<b>5.2.3 Community Advocacy</b>				
Expenditure	1,329	1,279	(50)	1,487
Revenue	(9)	0	9	(11)
Net Expenditure	1,320	1,279	(41)	1,476
<b>5.2.4 Grants (Social and Recreation)</b>				
Expenditure	3,643	3,645	2	2,749
Revenue	(23)	0	23	- 19
Net Expenditure	3,620	3,645	25	2,730
<b>5.2.5 Housing 2</b>				
Expenditure	22,294	25,539	3,245	24,500
Revenue	(34,256)	(43,272)	(9,016)	(35,866)
Net Revenue	(11,962)	(17,733)	(5,771)	(11,365)
<b>5.2.6 Community centres and halls</b>				
Expenditure	3,248	3,200	(48)	3,010
Revenue	(364)	(231)	133	(281)
Net Expenditure	2,884	2,969	85	2,729
<b>Capital Expenditure (\$000)</b>				
<b>5.2.1 Libraries 3</b>				
Expenditure	4,566	4,948	382	2,255
Unspent portion of budget to be carried forward	N/A	950		N/A
<b>5.2.5 Housing 4</b>				
Expenditure	14,940	28,687	13,747	19,167
Unspent portion of budget to be carried forward	N/A	1,706		N/A
<b>5.2.6 Community centres and halls</b>				
Expenditure	146	154	8	19
Unspent portion of budget to be carried forward	N/A	-		N/A

1 Over budget due to lower revenue and higher labour costs.

2 Over budget due to the timing of the recognition of the Crown grant for the Housing Upgrade Project.

3 Under budget due to delays with the Johnsonville Library upgrade and development work on the Library computer system.

4 Under budget due to delays in the Housing renewal programme and the Housing upgrade at the Arlington complex.

### 5.3 Public health and safety - Hauora tūmatanui me te haumanu

We work to protect Wellingtonians from threats to their health and safety.

#### *What we do and why*

Public confidence in the safety of the city's streets and suburbs is a top priority. Wellington has a reputation of being a safe city with a vibrant CBD, which we wish to retain. Wellington's location makes earthquake-preparedness particularly important, though the city is also at risk of other civil emergencies, such as flooding and tsunamis. We have legislative obligations to maintain public health standards by regulating food and liquor outlets, animals, trade waste and managing environmental noise problems. We also provide public toilets, cemeteries and crematorium services as a vital public health function.

Our activities include:

- burials and cremations - cemeteries at Karori and Makara with a crematorium at Karori Cemetery
- public toilets - 70 public toilets, beach and sportsfields changing rooms/pavilions
- public health regulations - Regulating food and alcohol, animal, trade waste and managing environmental noise issues. and responding to environmental nuisance complaints
- city safety - Maintaining WHO Safe City accreditation and providing a 'city hosts' service, managing graffiti and supporting community initiatives
- Wellington Regional Emergency Management Office (WREMO).

Over the year these activities contribute to the following outcomes

<i>Outcome</i>	<i>Outcome statement</i>
People centred city	<ul style="list-style-type: none"> <li>• Cemeteries provide sensitive and respectful bereavement services catering for a wide range of communities and beliefs.</li> <li>• Public toilets are located conveniently throughout the city protecting residents from health hazards .</li> <li>• Legislative public health regulations protect us from a variety of public health hazards</li> <li>• City safety activities promotes individual wellbeing, safe neighbourhoods and a safer inner city.</li> <li>• Wellington Regional Emergency Management Office and Rural Fire works with all sectors of the community to ensure we are well-prepared for earthquakes and other natural disasters.</li> </ul>

#### **Did you know?:**

The City Council Cemetery records date back to 1849, including the records from the Bolton Street Cemetery, now Bolton Street Memorial Park.

#### *Our key achievements*

**We undertook work in our Kaori and Makara cemeteries and continued to provide services for a wide range of communities and beliefs.**

We completed earthquake strengthening on the two chapels (including the crematorium building) and the staff depot building at Karori Cemetery. We also replaced the cemeteries cremator unit and added more gardens to the Seaforth Memorial Gardens. At Makara Cemetery, we added new headstone beams in several of the denominational sections.

**We improved public toilets located conveniently throughout the city protecting residents from health hazards**

We undertook maintenance work to some of our public toilets. In addition, we improved our response rate to requests and exceeded our targets for cleanliness and maintenance.

**Work continued on legislative public health regulations to protect residents from a variety of public health hazards**

We engaged with the hospitality industry around the changes arising from the Food Act which came in effect on 1<sup>st</sup> March 2016.

We have 1933 active Health Licences which included food premises of all types, hairdressers, swimming pools, funeral homes and animal boarding establishments. Food premises such as restaurants, cafes, takeaways, caterers, butchers, delicatessens and fishmongers totalled 1175. Of these 1175 premises, 514 held an excellent grade. There were eight cleaning notices issued to premises during the course of the year and two premises were issued closure. This compares to one closure and 17 cleaning notices in 2014/15.

To assist customers obtain their food and alcohol licences, we have also put a large number of our application forms online.

We exceeded our target for the percentage of inspections of medium, high and very high risk premises (alcohol licensed premises) that were carried out during peak trading hours. However our performance was lower than 2014/15. This is because of the change in performance criteria as a result of the enactment of Sale and Supply of Alcohol Act 2012. This change resulted in an increase of 190 inspections over the year.

For the 2015/16 year more peak time inspections were carried out but resulted in a lower percentage in relative terms because of the significant increase in the number of premises in the criteria

During the year we consulted with residents on the review of our animal bylaw and dog policy.

**We undertook a number of City safety activities to promote individual wellbeing, safe neighbourhoods and a safer inner city**

Our Local Hosts celebrated their third anniversary. As city ambassadors, the hosts were busy on the streets, helping increased numbers of tourists, assisting at events and festivals and being on hand to support city centre users including students and other young people. Over the year the team extended its reach to the waterfront and continued to visit the suburbs, concentrating on Kilbirnie and Newtown. Our hosts helped identify city hotspots and worked with the Police, social sector and other agencies to assist people in need, sharing relevant information to achieve an integrated approach.

**Case Study – Local Hosts – Customer Service**


Our Local Hosts are on the streets of Wellington 7 days and 4 nights a week, helping people with directions and information, and checking in with retailers. One of the most important functions they perform is linking homeless people with social services.

They also deal with abuse and violence regularly, and are often the first people on the scene when people need assistance. One of our Local Hosts received a Safety in the City award in October after helping to save the life of a person under the influence of drugs.

While it's not always high drama, the Local Hosts' job requires them to engage with everyone – from helping tourists with directions through to working with door staff to make sure people get home safely and preventing incidents from escalating. They also have a relationship with Police, and have assisted them in locating people wanted for arrest.

Working with the justice sector and community organisations such as the Red Cross, we continued to be a key partner in a city wide project aimed at reducing family violence. We have also developed a pilot project focussed on refugee and migrant communities due to begin in the 2017 financial year. Our innovative 'Eyes On' partnership with the Police and city retailers made significant progress. The project was expanded from Cuba Street into the wider CBD and Johnsonville. Pharmacies became the latest group to join the scheme, which now has approximately 350 members.

We launched our new volunteer graffiti removal programme "Blank it Out". The aim of the programme is to increase the amount of graffiti removed from private property, at the same time as encouraging more community ownership and pride. Recruiting individual residents to volunteer, as well as neighbourhood groups, businesses, schools, and service organizations and clubs is a key component of this programme. "Blank it Out" is an effective way to engage clusters of volunteers in ongoing graffiti clean-up, rather than just a one-time paint out. This initiative will also help keep targeted locations graffiti-free. Volunteers commit to activities ranging from spotting and reporting graffiti, to coordinating local removal projects. People can register as an individual or as part of an existing community group, and there are no minimum time requirements or expectations. We exceeded our response rate target for graffiti removal.

Measure	2015/16 Actual Performance	2015/16 Target
Response times for graffiti removal	85 % 	80%
		2014/15 Performance New measure in Long-Term Plan

Source: WCC City Communities

We supported the Zeal Education Trust to trial the Youth Host initiative. The Youth Host initiative saw a team of youth workers out in the CBD from 8pm to 1am on Friday nights connecting with young people and the wider community. In the project's pilot period, between May and October 2015, Zeal's Youth Host team spent 155 hours over 31 nights working with detached youth. Following the success of the pilot project the Youth Host team have continued their work in Wellington's CBD on Friday nights.

We supported several other initiatives focussed on improving safety within the city including the establishment of the Pasifika Community Patrol, Suburban Community Patrols, and Safer Places. We also worked closely with Police to deliver specific safety campaigns such as the successful window shoppers campaign to reduce theft from cars in the CBD.



**We continued to work with the Wellington Regional Emergency Management Office to ensure we are well-prepared for earthquakes and other natural disasters**

Our emergency Welfare Team continued to work to prepare us for a future emergency and to ensure people and animals have the support they need in a civil defence emergency. We updated the [Emergency Preparedness Poster](#) to include the new Wellington Water recommendations for the amount of water to be stored in preparation for an emergency. This poster was developed in collaboration with community stakeholders and shows alternative Drop, Cover, Hold options for people with accessibility and mobility issues. The poster is largely pictorial and can easily be understood by a wide range of people including culturally and linguistically diverse communities. We partnered with the Citizens Advice Bureau to support our welfare registration and volunteers process in case of an emergency. We have identified over 45 buildings that could potentially be used as welfare assistance centres during an emergency event. These centres will provide assistance for people and animals in an emergency, e.g. food, accommodation and connecting to Work and Income. Lastly, we continue to provide welfare support for people during localised emergencies in Wellington.

**Case study: Supporting student learning on graffiti vandalism**

In 2013 we created a new position within Community Services – Graffiti Programme Advisor. This role's responsibilities include devising and implementing a Graffiti Vandalism Management Plan. This plan would encourage collaboration with the Police and wider community to prevent acts of graffiti vandalism and interrupt its potential as a "gateway" crime.

In the first months of the plan's development, the Graffiti Programme Advisor was contacted by the Head of Geography at Rongotai College. They asked if the Council would support their Year 12 class with a student-driven assignment to understand the geographic spatial pattern of graffiti vandalism within the Wellington urban area. The assignment would also contribute to overall NCEA marks for Level 2 Geography. With a commitment to taking a preventative approach (one of the four key pillars of the overall management plan), a partnership with the college began, which has continued every second school term since 2014.

This school term, the Council supported the students' learning through a field day, which included meeting with Police and City Arts, and a walking tour through Wellington by the Inverloch Art School to understand the difference between Council-commissioned graffiti art and graffiti vandalism.

In June, four students presented to the Community, Sport and Recreation Committee on behalf of the 40 Year 12 students involved. They told Councillors how they had used the history of graffiti alongside data provided via the Council's Stop Tags database of graffiti hotspots to decipher for themselves the patterns and possible reasons for them. This inquiry-based learning encouraged the boys' own critical thinking, which was spot on. As one student reported to the Committee: "We were able to pick Hine's brain heaps and she was able to confirm our thoughts on why graffiti was in some places and not others."

The partnership work with Rongotai College has also been documented within a teaching resource, "Geography in Focus", a guide for issues-based learning co-authored by Louise Richards. The Council will continue to support this programme for as long as required, to help students better understand graffiti, the reasons it occurs and the impact it has on Wellington.

*Our performance*

**Quality and usage of public health and safety services and programmes:** Our response to urgent requests from the public, and the cleanliness and maintained state of our public toilets met or exceeded their targets. Our response rate to urgent requests exceeded our performance last year. We achieved our target for peak trading hour inspections of high risk premises although this figure declined from last year. Further detail can be found in the section "Measuring our Performance".

*Finances*

How it was funded

Services in this activity are funded through a mixture of general rates and user charges.

What it cost 2015/16

	Actual 2016	Budget 2016	Variance 2016	Actual 2015
<b>Operating Expenditure (\$000)</b>				
<b>5.3.1 Burials and Cremations</b>				
Expenditure	1,626	1,648	22	2,310
Revenue	(764)	(803)	(39)	(816)
Net Expenditure	862	845	(17)	1,494
<b>5.3.2 Public Toilets 1</b>				
Expenditure	3,048	2,661	(387)	2,614
Revenue	-	-	-	-
Net Expenditure	3,048	2,661	(387)	2,614
<b>5.3.3 Public Health Regulations</b>				
Expenditure	5,188	5,276	88	4,675
Revenue	(3,266)	(3,211)	55	(3,089)
Net Expenditure	1,922	2,065	143	1,586
<b>5.3.4 City Safety</b>				
Expenditure	2,791	2,674	(117)	2,234
Revenue	(51)	-	51	(46)
Net Expenditure	2,740	2,674	(66)	2,188
<b>5.3.5 WREMO</b>				
Expenditure	1,394	1,337	(57)	1,322
Revenue	(20)	(43)	(23)	(34)
Net Expenditure	1,374	1,294	(80)	1,288
<b>Capital Expenditure (\$000)</b>				
<b>5.3.1 Burials and Cremations 2</b>				
Expenditure	445	446	1	173
Unspent portion of budget to be carried forward	N/A	300		N/A
<b>5.3.2 Public Toilets 3</b>				
Expenditure	295	295	0	865
Unspent portion of budget to be carried forward	N/A	-		N/A
<b>5.3.5 WREMO 4</b>				
Expenditure	-	-	-	0
Unspent portion of budget to be carried forward	N/A	0		N/A

1 Over budget due to higher depreciation costs.

2 Under budget due to delays in replacing the cremator at the Karori Cemetery.

3 Under budget due to delays in works on Hataitai softball and Kelburn park pavilions.

4 Under budget due to asset purchases being lower than expected.

Social and recreation – overall summary

Some progress was made in this activity area. Customer satisfaction with our housing services and facilities is high, as is utilisation of the ASB Sports Centre and pools. However, there is room for improvement – there have been a number of delays to capital projects and feedback on the usage of some of our facilities needs to be factored into future planning.

## 6.0 Urban development

Preserving Wellington as a compact, vibrant and attractive city, now and into the future

BY THE NUMBERS

**203,800**

Wellington's population in 2015 an increase from 200,000 in 2014<sup>26</sup>

*Urban development – at a glance*

Outcomes	Connected-City	People-centred city	Eco-city	Dynamic -city
Relevant LTP objectives	<p>"Investing to grow" through establishing a programme of major projects that grow the economy and deliver returns on investment;</p> <p>Investing to maintain and improve existing services, including making infrastructure more resilient and the city's transport system more efficient;</p> <p>Increasing the use of existing assets rather than spending on new infrastructure;</p> <p>Improving asset management practices to better manage risk and the timing of asset replacement; and</p> <p>Achieving ongoing efficiencies from shared services and improved customer experiences.</p>			
LTP key activities	Urban planning, heritage, and public spaces (including waterfront development)		Building and Development control	
Relevant LTP projects	<p>Urban regeneration, Urban regeneration agency, Protecting Wellington's heritage buildings, City resilience, Revitalising Civic precinct and strengthening Town Hall, Cheering up streets and laneways, Waterfront Development Plan and Frank Kitts Park and Medium density housing</p>			
Operational expenditure	Operational expenditure (as per financial summary)			

The Council's urban development work includes urban planning, controlling building activity and land use, assessing risks from earthquake-prone buildings, and developing and enhancing public spaces. We provide public spaces and infrastructure, and regulate to plan and control development so the city can support a strong economy and a high quality of life, in an environment that is both attractive and sustainable. All of our work involves partnerships with developers and home owners who want to build or extend, with commuters going to and from work or school, with businesses taking goods to market, and with everyone who lives, works and plays in the city.

Our work helps to make Wellington a compact, vibrant, attractive city in which it is easy to get from place to place, whilst also reducing adverse effects on the environment. This work is crucial for ensuring people's health and safety in the buildings they live and work in, and in the public spaces they use. It is also vital for the environment, because a city with a smaller carbon footprint produces fewer emissions and consumes fewer resources.

We fund these services because they matter to the lives of individual Wellingtonians, and to the community as a whole. They help to protect the most vulnerable people, keep people safe and healthy, and strengthen communities. These activities also provide opportunities for people to live healthy lifestyles, to reach their potential, and to enjoy themselves.



**Did you know?:**

We now have a Wellington eDistrict Plan. The 'ePlan' replaces the original 3 folder hard copy of the District Plan and the online version that comprised up to 150 separate PDF documents. The ePlan means you can now filter the District plan based on the property you are enquiring about [\(insert link\)](#)

## 6.1 Urban development, heritage and public spaces - Whakahaerenga whare me te whanaketanga

Wellington is a compact, vibrant, attractive and safe city – and we want to keep it that way.

*What we do and why*

Urban planning provides guidance on how and where the city should grow. It's important this retains the things residents like about Wellington, its compactness, the "heart" around the city centre and harbour, and the character of its hillside residential areas.

The Council is required to prepare a District Plan under the Resource Management Act 1991. The District Plan is the primary document that manages land use and development within the Council's territorial boundaries.

We also look after public spaces, including the waterfront. Development of public spaces enhances people's enjoyment of the city and contributes to our civic pride and 'sense of place'.

Our activities include:

- urban planning and policy development
- waterfront development
- public space and centres developments
- built heritage development.

Over the year these activities contribute to the following outcomes

<i>Outcome</i>	<i>Outcome statement</i>
<i>People centred city</i>	<ul style="list-style-type: none"> <li>• The waterfront offers safe open spaces that welcome and engage people encouraging them to stay</li> <li>• Heritage buildings contribute to the city's distinct identity and enhance its sense of place.</li> </ul>
<i>Dynamic city</i>	<ul style="list-style-type: none"> <li>• Public spaces are important and provide accessible opportunities for relaxation, recreation and leisure for residents and visitors. High quality developments make the city a more attractive place to be.</li> </ul>
<i>Eco-city</i>	<ul style="list-style-type: none"> <li>• Urban planning is focussed on intensive urban development and alongside our urban containment policies are designed to prevent sprawls and enhance our transport and lifestyle choices.</li> </ul>

**Did you know?:**

Wellington was ranked as the 12<sup>th</sup> most liveable city in the world by the 2016 Mercer Quality of Living Index


*Our key achievements*

**Work continued on the waterfront as part of our City Shaper to provide safe open spaces that welcome and engage people encouraging them to stay.**

As part of the proposed redevelopment of North Kumutoto and Frank Kitts Park, the Environment Court granted resource consent (to Willis Bond and the Council) for the development of a building at site 10 (10 Waterloo Quay), and for the North Kumutoto public space. In May 2016 a ground breaking ceremony was held for site 10 and construction commenced in June 2016. The detailed design for the North Kumutoto public space is underway with construction to commence in October 2016. Completion of the building and public space is planned for mid-2018.

During the year work continued on the design for the proposed redevelopment of Frank Kitts Park. The redevelopment includes renewal of the children’s play area, development of a recreation and events friendly “Harbour Lawn”, and the incorporation of a long-planned Chinese Garden. We continued liaising and coordinating with the Wellington Chinese Garden Society in regard to fundraising initiatives for the Chinese Garden. A resource consent application was lodged and public submissions made during June 2016.

External re-cladding of the TSB Bank Arena building to address weather tightness issues was also completed. The southern end of the building was altered to provide a small retail kiosk and public toilet facility. An overwhelming majority of residents rate their waterfront experience as good or very good.

Measure	2015/16 Actual Performance	2015/16 Target
Percentage residents who rate their waterfront experience as good or very good	92% 	90%
		2014/15 Performance 94%

Source: WCC Residents Monitoring Survey 2016

**We completed work in public spaces that are important and provide accessible opportunities for relaxation, recreation and leisure for residents and visitors.**

August 2015 marked the completion of our \$11m project to revitalise the southern end of Victoria Street (between Dixon and Abel Smith streets). Transformation of the street to provide vibrant public spaces and essential underground services also supports long-term investment in the area.


Cable Car Lane is one of Wellington’s most visited tourist destinations and receives approximately 1.2m visitors per year. To highlight the significance of this historic feature, and to create a better visitor experience, we worked with the Wellington Cable Car Co and local property owners to upgrade the lane. The work makes Cable Car Lane more visible, improves access to the cable car, and improves ventilation and natural lighting. Designs were developed and consulted on during early 2016 and demolition of the existing canopy started in June 2016. To reduce disruption to the public and local businesses, works to the laneway are timed to coincide with the first major upgrade to the cable car.

Lombard Lane and Denton Park are being revitalised to create a more attractive pedestrian environment and support local businesses. During 2015/16 we developed detailed designs, in consultation with the public, for better surfaces, lighting and greenspaces. Tender and delivery of this project will occur during 2016/17 to allow works on the adjacent Victoria Street development (Cook Strait Properties) to be substantially complete prior to commencement of the WCC project.

We also undertook the following smaller laneway activation projects throughout the city:

- Eva and Leeds streets - located in the Cuba Street area these streets are home to a number of apartment buildings and emerging local businesses. The upgrade, completed in December 2015, included lighting, street paint, and planting to celebrate the laneways' rich local heritage.
- Masons Lane - an important pedestrian link between Lambton Quay and The Terrace, this pathway has been given feature lighting, a living green wall, timber cladding, paving work and an intensive deep-clean. Launched in December 2015, the upgrade also saw the introduction of a digital art screen to showcase temporary video works by local artists.
- Bond Street - located in the central business district, Bond Street received a refresh in May 2016 consisting of a fresh coat of street paint, new "parklet" seating area, and the addition of a community garden space.
- Egmont Street – also near Cuba Street, Egmont Street was revitalised with artworks, improved lighting and surfaces, street furniture and greening during 2016
- Cuba Connection - improvements in the form of lighting and "greening" to create a more inviting pedestrian environment, and improve safety, were completed in July 2016.
- Garret Street and Swan Lane - concept designs were developed to create vibrant public spaces and reinforce key pedestrian connections either side of Cuba Street. Designs will be further developed in consultation with the local community for construction in 2016/17.

The majority of residents agree the central city is lively and attractive.

Measure	2015/16 Actual Performance	2015/16 Target
Percentage of residents who agree the central city is lively and attractive	85% 	87%
		2014/15 Performance 86%

Source: WCC Residents Monitoring Survey 2016

**Did you know?:**

Through our Urban Activation Fund we did the following:

- Installed cycle parking hoops at twelve locations within Wellington CBD, Kilbirnie and Newtown. The brightly coloured hoops add a bit of fun to the street and allow cyclists to secure their bikes against theft or tipping over in strong winds.
- Worked with local artist John Fuller and Kilbirnie-based metal fabricators AE Tilley to develop feature signage to highlight the western entrance to Miramar and Maupuia.
- Installed a 'Honeycomb' greenwall, developed by local designers Pollen, on Egmont Street to bring some much needed greenery to the CBD.
- Launched the Bond Street community gardens with a "Garden Party" event featuring music, children's entertainment, worm farm making, plant giveaways and environmental activities. The community gardens provide a space for local residents and volunteers to grow and tend fruit trees, herbs and vegetables.
- Gave Plimmer Steps a facelift with a deep clean, refurbished planting and fresh coat of paint on the Brig Gertrude fountain

**Urban planning is focussed on intensive urban development and alongside our urban containment policies are designed to prevent sprawls and enhance our transport and lifestyle choices**

To help increase housing supply we are identifying Special Housing Areas (SHAs). These are areas where we can offer qualifying developments a streamlined resource consenting path (through the Housing Accords and Special Housing Act. To date we have created four tranches of Special Housing Areas - comprising 25 areas. These areas focus on our existing growth areas or are sites already zoned for residential development. Focussing in these areas ensures development is planned and contained within the overall urban area and provides for a range of housing types. During 2015/16 we approved a further four SHAs, including Shelly Bay, where we expect a high quality housing and mixed use development to be lodged in 2016. Our 'Housing Choice and Supply' programme will also help to provide additional affordable houses and different housing options in areas close to shops, community facilities and services, and public transport. In 2015/16 we consulted with five different communities as part of this programme. We already have medium density housing areas in Kilbirnie and Johnsonville and are currently prioritising Newlands and Tawa.

#### **Building Our Resilience**

Wellington has been selected as one of the Rockefeller Foundation 100 Resilient Cities (100RC). Under the 100RC arrangement, Wellington is provided with support to develop a Resilience Strategy, and to commence implementation. 100RC provides support to the value of \$US1 million to the City for this purpose, although not all of this support goes directly to Council. The strategy development process is public-facing and involves several sectors of the community as well as our partners Greater Wellington Regional Council, Hutt City Council and Porirua City Council. A Steering Group of experienced Wellingtonians provides oversight to the strategy development process.

Progress on the strategy will be considered by Council in September 2016, and the strategy approved by February 2017. The strategy will build on four areas of focus: earthquake recovery, adapting to sea level rise, quality of life and economic prosperity. Rather than replicating the substantial work that is already underway in these areas, the strategy aims to augment that work, and to boost existing efforts. Once developed, 100RC will provide support for the initial implementation of the Strategy.

The strategy is consistent with our Long-term plan's commitment to improve Wellington's resilience: investing to maintain and improve existing services, including making infrastructure more resilient and the city's transport system more efficient.

The types of resilience activities undertaken during 2015/16 includes: operational and new capital projects; capital renewals (e.g. including upgrades to infrastructure such as our roads, tunnels and bridges in order to maintain existing levels of service); seismic assessment of key Council-owned buildings (includes earthquake strengthening of the Town Hall, Central Library and Council offices which forms part of the revitalisation work we are carrying out on the Civic Precinct); planning for emergency response and restoration of key life line, and planning for hazards and climate change.



*Our performance*

**Quality of our urban planning, heritage and public spaces:** We exceeded our target for residents satisfied with their waterfront experience, although the number was lower than last year. We did not meet our target for residents who agree the central city is lively and attractive, and the figure was slightly lower than last year. Our residents don't agree our suburban centres are lively and attractive and we were significantly below target on this issue. We will continue to work with residents on projects such as our Business Improvement Districts to improve suburban centres. Further detail can be found in the section "Measuring our Performance".

*Finances*

How it was funded

Services in this activity are funded through a mixture of general rates, fees and charges, and grants and subsidies.

What it cost 2015/16

	Actual 2016	Budget 2016	Variance 2016	Actual 2015
<b>Operating Expenditure (\$000)</b>				
<b>6.1.1 Urban Planning and Policy</b>				
Expenditure	2,089	2,277	188	1,667
Revenue	(25)	(20)	5	(13)
Net Expenditure	2,064	2,257	193	1,654
<b>6.1.2 Waterfront development 1</b>				
Expenditure	1,618	933	(685)	0
Revenue	(299)	39	338	0
Net Expenditure	1,319	972	(347)	0
<b>6.1.3 Public spaces and centres development</b>				
Expenditure	2,136	2,169	33	2,437
Revenue	2	-	- 2	- 167
Net Expenditure	2,138	2,169	31	2,270
<b>6.1.4 Built heritage development 2</b>				
Expenditure	1,264	1,498	234	863
Revenue	-	-	-	-
Net Expenditure	1,264	1,498	234	863
<b>Capital Expenditure (\$000)</b>				
<b>6.1.1 Urban Planning and Policy</b>				
Expenditure	-	-	-	0
Unspent portion of budget to be carried forward	N/A	-		N/A
<b>6.1.2 Waterfront development 3</b>				
Expenditure	3,348	7,217	3,869	2,466
Unspent portion of budget to be carried forward	N/A	1,611		N/A
<b>6.1.3 Public spaces and centres development</b>				
Expenditure	2,049	848	(1,201)	16,466
Unspent portion of budget to be carried forward	N/A	1,020		N/A

1 Over budget due to professional fees incurred on several major projects.

2 Under budget due to lower than anticipated labour and contract costs.

3 Under budget largely due to delays in the refurbishment of TSB/Shed 6 and Frank Kitts Park development.



## 6.2 Building and development control - Māherehere tāone, whanaketanga wāhi tuku-ihotanga, wāhi tūmatanui

We ensure developments do not harm the environment and that building works are safe and comply with the Building Code.

### *What we do and why*

We control building and development work according to the provisions of the Building Act, and the District Plans developed under the Resource Management Act. These controls are necessary to ensure that buildings are safe and compliant with the Building Code that resources are used sustainably for future generations, and that public health and safety is protected. They're also needed to protect urban character and to preserve the city's heritage.

We also have a statutory requirement to administer an Earthquake-prone Buildings Policy. The policy sets out processes to identify buildings that are below the required earthquake standards, and the requirements and timeframes for building owners to bring them up to the necessary standard.

Our activities include:

- Building control and facilitation (building consents)
- Development control and facilitation (resource consents)
- Earthquake risk mitigation – built environment.

Over the year these activities contribute to the following outcome:

<i>Outcome</i>	<i>Outcome statement</i>
<i>People centred city</i>	<ul style="list-style-type: none"> <li>• Under the Building Act and codes we protect public health and safety, and protect future users of land and buildings.</li> <li>• Under the Resource Management Act and District Plan, we control work to ensure resources are used sustainably, public health and safety, and to protect future users of land and buildings. It also protects urban character and preserves the city's heritage.</li> <li>• Wellington's high earthquake risk means this work is critical. It protects public safety, as well as preserving the city's heritage and the economic investment made in buildings and infrastructure.</li> </ul>
<i>Eco-city</i>	<ul style="list-style-type: none"> <li>• We promote intensive development, rather than sprawl into green spaces, and encourage the greening of streets, buildings and places.</li> </ul>

### **Did you know?:**

The value of commercial building consents has consecutively increased over the last three years. The value of commercial space in 2014 was 271m and is 359m in 2016.

### *Our key achievements*

**We worked on the Building Act and codes to protect public health and safety, and protect future users of land and buildings.**

Working with Central Government, we lodged submissions to the following policy and proposed legislative changes: Rules Reduction, Fencing and Swimming Pools, and Licensed Building Practitioners Board. We also helped other building consent authorities throughout

the Country by providing Inspections and/or consenting services to Auckland, Christchurch, Kapiti, Whanganui, and Westland District Council.

**Did you know?:**

We have retained our Building Consent Authority Accreditation since 2010/2011

**Wellington's high earthquake risk means this work is critical. It protects public safety, as well as preserving the city's heritage and the economic investment made in buildings and infrastructure.**

We continued our work to make Wellington safer through earthquake risk mitigation work. We did this by issuing notices to earthquake-prone buildings under the Building Act. At the end of this year we had 663 earthquake-prone buildings. The owners of two of these buildings are challenging the issuing of the notice through the determination process in the Building Act 2004. As these determinations are challenging the issuing of an earthquake prone building notice, further issuing of notices during 15/16 was put on hold pending a final decision on both determinations. The determinations upheld our process however both determination decisions are now being challenged in the courts. We are currently preparing its response to both court appeals. There is new legislation which has been passed by Parliament and is awaiting commencement, which is expected to occur in June 2017. The legislation introduces a new standardised process for the assessment and management of earthquake-prone buildings that all Councils will need to adopt.

**Under the Resource Management Act and District Plan we controlled work to protect the urban character and preserve the city's heritage**

Our Built Heritage Incentive Fund helps owners of buildings on the District Plan heritage list, or within heritage areas, maintain their buildings. The fund has \$3 million to allocate over 3 years. A total of 15% of the fund is reserved for conservation-specific work and 85% for work related to earthquake strengthening. Through the fund we supported 24 projects with \$980,000 of grants, these included: St Mary of the Angels on Boulcott Street, the Quaker Meeting House in Mt Victoria, buildings within the Cuba Street area, and other conservation projects<sup>27</sup>.

**Did you know?:**

Resident's perceptions that heritage items contribute to the city's character was 86% in 2014 and increased to 92% in 2016. Residents perceptions that they contribute to a local communities character was 67% in 2014 and 72% in 2016.<sup>28</sup>

We also funded the seismic restoration of the chimney on the historic Overseers Cottage at the Botanic Garden, and the grave and memorial restoration programme for Bolton Street Cemetery.

*Our performance*

**Timeliness of building and development control services:** We exceeded our targets for investigating excessive noise complaints and monitoring of resource consents. These results

<sup>27</sup> See: <http://wellington.govt.nz/services/community-and-culture/funding/council-funds/built-heritage-incentive-fund>.

<sup>28</sup> WCC Residents Monitoring Survey

were however lower than last year. We met our targets to issue non-notified resource consents and sub-division consents in statutory timeframes, and action environmental complaints within 48 hours. Our performance was consistent with last year. We didn't met targets to issue building consents, codes of compliance and land information memorandums within statutory timelines. The timeliness of our building consents was lower than last year because numbers increased in the second half of the year and coincided with a period of recruitment and training of new staff. The timeliness for our codes of compliance was the same as last year. Over the year we issued 2139 codes of compliance with 74 not issued in the statutory timeline, of these 19 were historical issues that have subsequently been fixed. We are improving monitoring systems to improve our performance. Our land information memorandums performance improved since last year – a good result in light of the high volumes of requests. We were above our target for monitoring resource consents within 3 months of work commencing on site, although our performance was not as good as last year. Whilst the requirement to notify us of work commencing on site is a condition of consent, we are not always notified. We often pick these up when the building consent is lodged for the work.

**Quality of our building and development control services and progress on earthquake mitigation:** The majority of our customers were happy with our building control services and we exceeded our target for this measure. This reflects the effort we put into helping our customers through their building consent and associated processes. None of our earthquake prone building notifications were successfully challenged over the year. Further detail can be found in the section "Measuring our Performance".

#### *Finances*

How it was funded

Services in this activity are funded through a mixture of general rates and fees and charges.

What it cost 2015/16

	Actual 2016	Budget 2016	Variance 2016	Actual 2015
<b>Operating Expenditure (\$000)</b>				
<b>6.2.1 Building Control and Facilitation 1</b>				
Expenditure	13,570	13,811	241	12,542
Revenue	(9,251)	(9,152)	99	(8,972)
Net Expenditure	4,319	4,659	340	3,570
<b>6.2.2 Development Control and Facilitation</b>				
Expenditure	5,807	5,981	174	5,685
Revenue	(2,552)	(2,899)	(347)	(2,367)
Net Expenditure	3,255	3,082	(173)	3,318
<b>6.2.3 Earthquake risk mitigation - built environment 2</b>				
Expenditure	1,323	1,710	387	1,823
Revenue	0	-	0	0
Net Expenditure	1,323	1,710	387	1,823
<b>Capital Expenditure (\$000)</b>				
<b>6.2.3 Earthquake risk mitigation - built environment 3</b>				
Expenditure	2,224	4,443	2,219	4,036
Unspent portion of budget to be carried forward	N/A	3,019		N/A

1 Under budget due to higher building consent revenue and lower labour costs.

2 Under budget due to lower costs of grants and professional advice.

3 Under budget due to delays in the Earthquake Strengthening Programme, in particular the St James Theatre.

Urban development – overall summary

Progress was made towards this activity area in year one of the LTP. Significantly customer satisfaction improved for our building control services which improves investment confidence and boosts economic gains. To maximise these benefits, improvements are needed to timeframes for issuing building consents. Significant improvements were made through the activation of city laneways. There were, however, delays to capital expenditure projects due to an underestimation in actual project costs. We need to improve in this area. Our activities in this area, once we have approved and begun to implement our Resilience Strategy, have the potential to make a greater contribution to the achievement of our outcomes in the future.

## 7.0 Transport – Taone tupu ora

**Delivering an efficient and safe transport system that connects people and spaces**

BY THE NUMBERS

### **9,621 and 55,120**

Number of cyclists and pedestrians entering the Central Business District during the week. This compares to 10,515 and 54,319 in 2014/15<sup>29</sup>

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<sup>29</sup> WCC Infrastructure



*Transport – at a glance*

Outcomes	Connected-City	People-centred city	Eco-city	Dynamic -city
Relevant LTP objectives	<p>"Investing to grow" through establishing a programme of major projects that grow the economy and deliver returns on investment;</p> <p>Investing to maintain and improve existing services, including making infrastructure more resilient and the city's transport system more efficient;</p> <p>Increasing the use of existing assets rather than spending on new infrastructure;</p> <p>Improving asset management practices to better manage risk and the timing of asset replacement;</p> <p>Achieving ongoing efficiencies from shared services and improved customer experiences.</p>			
LTP key activities	Transport		Parking	
Relevant LTP projects	Better transport options, Vehicle network			
Operational expenditure	Operational expenditure (as per financial summary)			

The Council's transport work includes transport planning, managing the city's assets and network of roads, cycleways and walkways, managing parking in the city and promoting safety.

Our work is essential for people's ability to interact with each other, and their enjoyment of the city and what it has to offer. It is necessary for the economy, the ability of businesses to reach their markets, and to promote collaboration and innovation.

## 7.1 Transport - Waka

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

### *What we do and why*

Wellingtonians are the highest users of public transport in New Zealand and between 200,000 and 300,000 people use some form of the city's transport network daily. Among other things, our transport network offers Wellingtonians bridges, tunnels, bus shelters and approximately 18,000 street lights.

An effective public transport network helps reduce congestion and the city's carbon emissions. A high proportion of residents walk and cycle to work, thereby reducing private vehicle usage.

Our activities include:

- transport planning – we plan for an efficient transport system that allows people and goods to move freely within and through the city

- vehicle network – we provide 684km of road, 54 road bridges (road and pedestrian), five tunnels and 2,397 walls
- passenger transport network - we provide 450 bus shelters, 1,323 bus stops and bus lanes on key bus routes
- pedestrian and cycle network - we provide 24.3km of cycle ways, 858km of pedestrian paths, and 132km of handrails, guardrails and sight rails
- road safety - we provide 21,499 signs and 111 traffic signals.

These activities contribute to the following outcomes

<i>Outcome</i>	<i>Outcome statement</i>
<i>People centred city</i>	<ul style="list-style-type: none"> <li>• <b>The transport, vehicle, cycle, passenger transport, pedestrian, network control system networks and road safety activities provides people with accessible and safe transport choices, from their homes to shops, for work, recreation and pleasure.</b></li> </ul>
<i>Connected city</i>	<ul style="list-style-type: none"> <li>• <b>The transport, cycle, vehicle, pedestrian and network control system networks provides accessible and safe transport choices that connect people with each other and with places locally, nationally and internationally, including for commerce and trade.</b></li> </ul>
<i>Eco-city</i>	<ul style="list-style-type: none"> <li>• <b>The transport, , passenger transport, cycle, pedestrian networks and network control systems reflect our commitment to sustainable, safe and efficient transport choices .</b></li> </ul>
<i>Dynamic city</i>	<ul style="list-style-type: none"> <li>• <b>Our transport, passenger, pedestrian and cycle network that allows easy movement of people and goods is vital for business and a significant competitive advantage.</b></li> <li>• <b>The vehicle, passenger transport and cycle network provides for easy and affordable movement to and around the central city, especially by walking.</b></li> </ul>

**Did you know?: We continued our 'Business as usual' work which saw us:**

- Respond to over 37,250 requests for service in relation to drainage, street lighting, minor flooding, street and footpath cleaning, litter, recycling, minor maintenance to seats, bins and cycle racks, requests for new items as well as clearing berms, road side vegetation and slips.
- Renew just over 22 kilometres of footpath, nearly 11.5 kilometres of kerb and channel and repair or replace nearly 7.5 kilometres of handrails and safety rails.
- Resurface 59.1 kilometres of road carriageway.
- In our capacity as the Road Controlling Authority we processed over 6,400 Corridor Access Requests and 3,700 Traffic Management Plans.
- Install, refurbish or repair approximately 250 seats, 175 litter bins, 30 bollards and 50 cycle racks.
- Along with nearly 70 kilometres of centralines and broken yellow lines we replaced 53 accessibility park symbols, 70 pedestrian crossing diamonds, 750 cycling related road markings, 1,000 direction arrows and 300 'Give Way' symbols.

***Our key achievements***

**We provided a transport, vehicle, cycle, passenger transport, and pedestrian network giving people accessible and safe transport choices, from their homes to shops, for work, recreation and pleasure**

We carried out work in a number of areas in the city including:


- Bidwell Street road carriageway and stormwater pipes where heavy rains in April/ May 2015 caused the bank to fail and the road's support to be undermined.

- Kaori Road (between Flers and Lancaster Streets), where we built a retaining wall, moved overhead services underground to improve motorist visibility, and installed new handrails and LEDs to make the area safer for residents
- Island Bay seawall where strengthening was required as a result of storm damage. This repair work ensures the wall is more resilient to future heavy seas and storm events, and was undertaken to respect the heritage significance of the seawall.
- The Drive, Tawa where we replaced a pedestrian bridge, constructed a new retaining wall, and renewed the handrail and footpath area.
- Breaker Bay Road where residents were experiencing disruptions from frequent storms and high swells in April/May 2015. A long-term solution in the form of a rock revetment structure was constructed to minimise wave damage and protect the carriageway, kerb, channel and footpath.

In addition to the above we built new retaining walls in Khandallah, Horokiwi, Takapu Valley and Takarau Gorge, and renewed bridges or retaining walls in Karori, Ohariu Valley, Strathmore, Miramar, Johnsonville, Highbury and Brooklyn.

Through our Council Controlled Organisation – Wellington Cable Car Ltd – we provided accessible and safe transport choices.

<b>Wellington Cable Car Limited</b>	
The Wellington Cable Car Limited (WCCL) was formed in April 1991 in response to legislation that prevented a local authority from owning and operating the Cable Car as a transport activity.	
<b>Relevant Council outcomes</b>	
<i>People centred city</i>	<b>The transport, vehicle, cycle, passenger transport and pedestrian networks, the network control system, and road safety activities provide people with accessible and safe transport choices, from their homes to shops, for work, recreation and pleasure</b>
<b>Key activities:</b>	
The company owns and operates the Wellington's iconic Cable Car passenger service. Its passengers include local residents (commuters and students) and domestic and international visitors to Wellington. This operation is financed from passenger fare income and any additional revenue developed from WCCL and Wellington City Council tourism-related activities. Ongoing marketing initiatives are seen as a key part of the future success of the Cable Car. This also includes potential further investment in retail, merchandising and event hosting activities (such as weddings that already occur on an occasional basis).	
Trolley bus traction services by means of the overhead electrical network for use by Trolley Buses in Wellington are provided under contract from GWRC, using Broadspectrum (rebranded name for Transfield Services Limited) as the maintenance services provider. This operation is financed from payments by GWRC on a cost recovery basis, to cover planned maintenance, reactive defect rectification and progressive replacement of severely degraded sections of the overhead electrical network. This also includes:	
<ul style="list-style-type: none"> <li>• Infrastructure-related activities undertaken within Wellington on a profit-making basis, namely: <ul style="list-style-type: none"> <li>i. Projects initiated by parties other than GWRC requiring the overhead electrical network to be relocated and/or modified (for example, the Victoria University Pipitea campus construction project;</li> <li>ii. Protection of the Trolley Bus overhead electrical network from damage by escorting high loads through the city, and protection of parties requiring safe access in proximity to overhead lines by electrical de-energisation.</li> </ul> </li> <li>• Maintaining WCCL's pole network funded via a combination of support from GWRC and pole user charges from telecommunications companies using WCCL's poles to support their broadband networks.</li> </ul>	

<b>Key achievements</b>		
<p>The transport, vehicle, cycle, passenger transport and pedestrian networks, the network control system, and road safety activities provide people with accessible and safe transport choices, from their homes to shops, for work, recreation and pleasure</p> <ul style="list-style-type: none"> <li>The Cable Car earned a record high for total revenue for the year.</li> <li>The Trolley Bus traction services division completed the roll-out of the Trolley Bus overhead protection project and the decommissioning of the Hataitai Loop.</li> </ul>		
<b>2015/16 Financial Information</b>		
Operational Grant: nil		
Capital Grants: \$1,509,011 for the cable car electric drive replacement project		
<b>Performance</b>		
Interesting fact	<b>2015/16 Actual</b>	<b>2015/16 Target</b>
Total passengers	Total passengers 1,044,804	<ul style="list-style-type: none"> <li>1,010,905</li> </ul>
		<b>2014/15 Actual</b>
		<ul style="list-style-type: none"> <li>976,416</li> </ul>

Source: Wellington Cable Car Ltd

**We provided a transport, cycle, vehicle and pedestrian network giving accessible and safe transport choices that connect people with each other and with places locally, nationally and internationally, including for commerce and trade**

We undertook a major section of road improvements in Johnsonville – the Johnsonville Triangle Upgrade. This project means less traffic congestion in the town centre and reduced peak-hour queues on the State Highway 1 off-ramp. It provides safe and easy walking and cycling routes, more reliable bus journey times, and boosted the local economy by encouraging commercial and residential growth. The upgrade also sets the scene for rejuvenation of the Johnsonville Mall.

The work included: a two-lane off-ramp from State Highway 1; new traffic lights at Fraser Avenue and Gothic Street; additional pedestrian crossings and facilities; replacing the Broderick Road / Moorefield Road bridge over the railway lines with a longer and wider bridge to allow for cycle lanes and future train options, and cycle lanes and a path for cyclists and pedestrians to by-pass the two northern roundabouts and connect local schools.

It also provided options for better bus flow around the Johnsonville triangle (Johnsonville, Moorefield, Broderick roads), and the installation of a new bus shelter at the stop in the mall. Broderick and Johnsonville roads were resurfaced in March/April 2016.

To ensure a safe and resilient transport network we strengthened the Hataitai Bus Tunnel and Aotea Quay Bridge portals. We also replaced the joints on the northbound lane of the Aotea Quay Bridge.



**We undertook work to ensure our pedestrian and cycle networks reflects our commitment to sustainable, safe and efficient transport choices**

The Wellington City Urban Cycleways Programme (WCUCP) aims to create a sustainable, liveable and attractive city, offering choices about how to travel, with an appealing cycle network that encourages people of all ages and abilities to cycle. The WCUCP was adopted in September 2015 and extends to Ngauranga, central city, eastern suburbs, and Island Bay. The method and level of community engagement on the Island Bay cycleway resulted in significant unease that impacted on other projects in the WCUCP, and confidence in Council's ability to deliver the WCUCP. A review of the WCUCP commissioned by New Zealand Transport Authority (NZTA) made a series of recommendations for change. Working with NZTA we are refreshing the cycle way programme and our engagement process with the community.

We replaced 12 old poles and street lights in Cuba Mall (between Ghuznee and Dixon Streets) with seven brighter and more energy efficient LEDs. The seven new poles were repositioned to reduce the impact on pedestrians, businesses and footpath use. The LEDs are more energy efficient and improve the level of lighting. Replacement poles were also lower which reduced light pollution and improved the streets amenity - the poles no longer protruded past the visual canopy of the trees. Our residents are less satisfied with street lighting and we are below our targets.

Measure	2015/16 Actual Performance	2015/16 Target
Residents satisfied with street lighting in central city and suburbs	Central City 78% Suburban Areas 54%	Central City 85% Suburban Areas 75%
		2014/15 Performance Central City 80% Suburban Areas 55%

Source: WCC Resident Monitoring Survey 2016

We supported 10 projects with \$29,220 through the Communities on Bikes Fund which included a range of projects which promote cycling as a mode of transport such as Frocks on Bikes (A la Carless) and Lucid Dream Bikes (Bicycle festival of lights and motion). Three schools received funding for Bikes in School Tracks - Hampton Hill School, Amesbury School and Houghton Valley School.

In addition, to better integrate our transport network with our urban spaces we obtained an exemption for the NZTA Road Traffic Rules so we could add key city personalities to our pedestrian crossing signals. As a result we have a silhouette of Kate Sheppard installed around Parliament and the Railway Station, a local celebrity Carmen Rupe in the Cuba Mall area and pioneering businessman John Plimmer in Lambton Quay around Plimmer Steps and Featherston Street.

*Our performance*

Our performance is measured through a number of performance measures and outcome indicators outlined in our Long-term plan. These measures can be found in the "Measuring our Performance" chapter.

**Quality and timeliness of transport infrastructure and services:** Whilst we achieved our level of service standards, we failed to meet our target for the percent of residents who consider roads and footpaths good or very good. This reflects re-prioritisation of maintenance/ renewal work and a decline in levels of service over a contract transitional period.



We failed to meet our response rate target for urgent and non-urgent work but our levels of service for urgent responses are the same as last year. The percentage of our major roads that meet national street lighting standards was below target. In each of the above measures there were minor variations in our performance from last year. Our resident's satisfaction with street lighting in the city and suburbs was below our target and our performance last year. We exceeded our target for the percentage of roads that meet compulsory smooth roads standards, although our performance was lower than last year. This is likely to be a result of activities such as the installation of telecommunication services in our roads and changing road maintenance priorities.

Further detail can be found in the section titled 'Assessing our Performance'.

#### *Finances*

How it was funded

Services in this activity are funded through a mixture of general rates, fees and charges and grants and subsidies received from NZTA for transport related activities.

What it cost 2015/16

	Actual 2016	Budget 2016	Variance 2016	Actual 2015
<b>Operating Expenditure (\$000)</b>				
<b>7.1.1 Transport Planning 1</b>				
Expenditure	1,412	1,142	(270)	1,309
Revenue	(153)	(86)	67	(132)
Net Expenditure	1,259	1,056	(203)	1,177
<b>7.1.2 Vehicle network 2</b>				
Expenditure	22,408	22,646	238	21,579
Revenue	(4,830)	(1,322)	3,508	(3,594)
Net Expenditure	17,578	21,324	3,746	17,985
<b>7.1.3 Cycle network 3</b>				
Expenditure	1,291	1,660	369	705
Revenue	(263)	(36)	227	(8)
Net Expenditure	1,028	1,624	596	697
<b>7.1.4 Passenger transport network 4</b>				
Expenditure	2,632	1,721	(911)	1,260
Revenue	(922)	(951)	(29)	(1,057)
Net Expenditure	1,710	770	(940)	203
<b>7.1.5 Pedestrian network 5</b>				
Expenditure	6,303	6,549	246	6,027
Revenue	(144)	(39)	105	(57)
Net Expenditure	6,159	6,510	351	5,970
<b>7.1.6 Network-wide control and management 6</b>				
Expenditure	6,658	6,799	141	6,356
Revenue	(2,346)	(2,055)	291	(2,057)
Net Expenditure	4,312	4,744	432	4,299
<b>7.1.7 Road safety 7</b>				
Expenditure	5,924	6,095	171	6,303
Revenue	(1,671)	(1,601)	70	(1,747)
Net Expenditure	4,253	4,494	241	4,556
<b>Capital Expenditure (\$000)</b>				
<b>7.1.2 Vehicle network 8</b>				
Expenditure	22,319	23,208	889	29,895
Unspent portion of budget to be carried forward	N/A	1,302		N/A
<b>7.1.3 Cycle network 9</b>				

Expenditure	3,288	5,673	2,385	2,428
Unspent portion of budget to be carried forward	N/A	0		N/A
<b>7.1.4 Passenger transport network 10</b>				
Expenditure	368	(369)	(737)	123
Unspent portion of budget to be carried forward	N/A	-		N/A
<b>7.1.5 Pedestrian network 11</b>				
Expenditure	3,966	4,271	305	3,746
Unspent portion of budget to be carried forward	N/A	-		N/A
<b>7.1.6 Network-wide control and management 12</b>				
Expenditure	2,536	2,804	268	2,397
Unspent portion of budget to be carried forward	N/A	-		N/A
<b>7.1.7 Road safety 13</b>				
Expenditure	2,715	2,451	(264)	2,803
Unspent portion of budget to be carried forward	N/A	0		N/A

1 Over budget due to higher labour costs and unplanned legal expenses.

2 Under budget due to vested assets revenue and savings on depreciation, following the revaluation of infrastructure assets.

3 Under budget due to underspending on cycleways planning (delays) and savings in depreciation.

4 Over budget due to the upgrade of the Cable Car electric drive unit (not in the LTP budget however subsequently approved during the year). This is partially offset by higher bus shelter income (digital advertising), savings on other grant costs and reduced maintenance due to bus stop signs and shelter maintenance now with GWRC.

5 Under budget due to vested asset income and savings on depreciation following revaluation of infrastructure assets.

6 Under budget due to higher income in network activity and lower costs on road markings maintenance.

7 Under budget due to reduced labour costs and some increased income in the street lighting area.

8 Under budget due to the Southern Corridor road maintenance contractor not completing all of the work programme. In addition there is an underspend of \$1.1m identified for the Northland Tunnel project.

9 Under budget due to limited works in the Central area and none undertaken in the eastern area. Projects will need to wait until the outcome of the "Lets get Wellington moving" project. A carry forward request of \$2.224m has been made.

10 Over budget due to additional consulting costs associated with the Ngauranga to Airport quick wins programme. NB. Funding for this work was not in the LTP budget however was subsequently approved.

11 The under spend is due to the Southern Corridor maintenance contractor not completing all of the work programme.

12 The under spend is due to the Southern Corridor maintenance contractor not completing all of the work programme in traffic and street signs renewals.

13 Over budget due to the civil works component of the Cuba Mall lighting renewal project being greater than planned, a higher incidence of light pole failures and higher labour costs.

## 7.2 Parking - Ratonga tūnga waka

Parking in the CBD is important for shoppers, tourists, and those working in and visiting the city.

### *What we do and why*

We provide around 10% of the parking in central Wellington. This consists of approximately 12,000 on-street parking spaces, of which 3,500 are in the central business district, along with some off-street parking and street spaces for taxis, couriers, people with disabilities, bus stops and diplomatic services. We also manage off-street parking at Clifton Terrace, the Michael Fowler Centre and beneath Civic Square.

Over the year these activities contribute to the following outcome


<i>Outcome</i>	<i>Outcome statement</i>
<i>People centred city</i>	<ul style="list-style-type: none"> <li>Central city car and motorbike parking is important for shoppers, workers, visitors, and people visiting the city for recreation activities.</li> </ul>

- Parking also allows goods to be picked up and delivered throughout the city.
- Parking helps make Wellington a liveable prosperous city.

*Our key achievements*


**We have undertaken a variety of work to provide parking for shoppers, workers, visitors, and people visiting the city for recreation activities.**

We have continued to update our parking technology and access to parking services to help visitors to the city. Improvements include installation of parking sensors, improved payment methods, and an on-line permit application service.

Measure	2015/16 Actual Performance	2015/16 Target
On street car parking average occupancy	78% 	75%
		2014/15 Performance 80%

Source: WCC Parking Services

Our Parking Services Team continued to play an important role in large scale city events and community driven initiatives. Events in the 2015/16 year included Newtown Festival, Round the Bays, Cuba Dupa, Anzac Parade, and All Blacks Tests. Our focus is to maintain a balance between ambassadorial work at on-street events, and enforcement requirements, whilst ensuring the safe movement of vehicles and pedestrians throughout the city. We also assisted residents' use of the city by processing in excess of 10,000 service requests from members of the public requiring a Parking Officers support. We issued approximately 4,500 residents parking permits and in excess of 2,000 other general parking permits.

Measure	2015/16 Actual Performance	2015/16 Target
Percentage of residents perceptions that parking enforcement is fair	48% 	Increase on previous year
		2014/15 Performance 50%

Source: WCC Resident Monitoring Survey

We strengthened our relationships with the New Zealand Transport Agency (NZTA) and New Zealand Police. This collaborative effort focussed on addressing both driver and parking behaviours through joint operations in hot spots throughout the CBD.

*Our performance*

**Quality of parking provision:** Turnover rates for on-street parking were below our target and last year's performance largely due to an increase in parking demand. Fewer of our residents perceive parking enforcement as fair. Further detail can be found in the section 'Measuring our Performance' chapter.

*Finances*

How it was funded

Services in this activity are funded through a mixture of general rates, fees and user charges.

What it cost 2015/16

<b>Operating Expenditure (\$000)</b>	<b>Actual 2016</b>	<b>Budget 2016</b>	<b>Variance 2016</b>	<b>Actual 2015</b>
<b>7.2.1 Parking</b>				
Expenditure	12,262	13,404	1,142	11,218
Revenue	(26,442)	(27,455)	(1,013)	(25,642)
Net Revenue	(14,180)	(14,051)	129	(14,424)
<b>Capital Expenditure (\$000)</b>	<b>Actual 2016</b>	<b>Budget 2016</b>	<b>Variance 2016</b>	<b>Actual 2015</b>
<b>7.2.1 Parking</b>				
Expenditure	1,342	1,389	47	89
Unspent portion of budget to be carried forward	N/A	-		N/A

Transport – overall summary

Despite community concern and delays over our cycleway project, progress was made towards this activity area. However, residents have concerns with the condition of roads and footpaths, street lighting in suburban areas and the re-surfacing of local roads. Some of our capital projects were either under budget due to delays or budget underestimates. Some of this is because of factors we have no control over e.g. electricity network failures. Improvements to this important area will allow us to better achieve our outcomes in the future.

## Measuring Our Performance

### Understanding our Performance

The following section explains our performance for our performance measures and outcome indicators in the Long-Term plan 2015-25. Variance explanations for performance measures are provided for measures with a significant variance from target.

#### Key Performance Measures

##### 1 Governance

Performance measure	2013/14	2014/15	2015/16 Actual	2015/16 Target	Actual difference /Difference in % points*
<b>1.1 Governance, information and engagement</b>					
<i>To measure the quality of the public's involvement in Council decision-making</i>					
Residents (%) satisfaction with the level of consultation (i.e. the right amount)	44%	53%	53%	55%	(2)
Residents (%) who are satisfied or neutral (neither satisfied nor dissatisfied) with regard to their involvement with decision-making	70%	74%	59%	75%	(16)*
<i>To measure the quality and timeliness of residents' access to information</i>					
Council and committee agendas (%) are made available to the public within statutory timeframes (two working days prior to the meeting)	100%	100%	94%	100%	(6)
Council and committee agendas (%) that are made available to elected members five days prior to the meeting and to the public four days prior to the meeting	59%	65%	91%	80%	11 *
Residents (%) who agree that Council information is easy to access (i.e. from web centre, libraries, newspapers etc.)	36%	48%	49%	55%	(6)
Residents (%) who agree that Council website is easy to navigate and get information from	63%	62%	61%	70%	(9)
Contact Centre response times - calls (%) answered within 30 seconds	80%	84%	80%	80%	0
Contact Centre response times - emails (%) responded to within 24 hours	100%	100%	93%	100%	(7)
<b>1.2 Māori and mana whenua partnerships</b>					
<i>To measure the health of our relationship with mana whenua</i>					
Mana whenua partner satisfaction with Council relationship (satisfied and very satisfied)	Satisfied	Satisfied	Satisfied	Satisfied	N/A
<i>To measure the engagement of the city's Maori residents</i>					
Maori residents (%) who are satisfied or neutral (neither satisfied nor dissatisfied) with regard to their involvement with decision-making	56%	69%	65%	75%	(10)*
* See Variance Explanation Tables DIA (NEW) – New Department of Internal Affairs Mandatory Measure					



Outcome Indicators

1 Governance

Council outcome indicator	Source	Data (2014, 15 and 16)
Residents (%) who agree that decisions are made in the best interests of the city	WCC RMS 2016	36% 36% <b>34%</b>
Residents (%) who state that they understand how the Council makes decisions	WCC RMS 2016	30% 35% <b>33%</b>
Residents (%) who understand how they can have input into Council decision-making	WCC RMS 2016 (New in 2016)	46%
Mana whenua partners agree that the use and protection of the city's resources for the future is appropriate	WCC Strategy and Research	Both Agree Both Agree <b>1 Agreed and 1 Partner was not sure</b>
Residents (%) who believe they have the opportunity to participate in city life	WCC RMS 2016	64% 78% <b>74%</b>
Voter turnout in local elections, referendums and polls	WCC Democratic Services	2010 39% 2013 41%

Key Performance Measures

2 Environment

Performance measure	2013/14	2014/15	2015/16 Actual	2015/16 Target	Actual difference /Difference in % points*
<b>2.1 Gardens, beaches and green open spaces</b>					
<i>To measure the quality of the open spaces we provide</i>					
Residents' satisfaction (%) with the quality and maintenance of green open spaces - local parks, playgrounds and reserves; botanic gardens; beaches and coastal areas; and walkways	89%	87%	85%	90%	(5)
Number of visitors to the Botanic Gardens (including Otari-Wilton's Bush)	1,542,535	1,354,681	1,147,067	1,280,000	(132,933)*
<i>To measure the quality of street cleaning services</i>					
Residents' satisfaction (%) with the quality of street cleaning	74%	75%	76%	85%	(9)
Street cleaning (%) compliance with quality performance standards	95%	97%	97%	98%	(1)
<i>To measure the quality and quantity of work we undertake to protect biodiversity</i>					
We will plant two million trees by 2020	New in LTP	-	1,345,773	1,389,777	(44,004)
High value biodiversity sites (%) covered by integrated animal pest control or weed control	52%	67%	52%	55%	(3)
Proportion of grant funds successfully allocated (through milestones being met)	97%	100%	100%	95%	5
<b>2.2 Waste reduction and energy conservation</b>					
<i>To measure the quality of waste reduction and recycling services</i>					
Residents (%) satisfaction with recycling collection services	78%	86%	84%	85%	(1)
Waste diverted from the landfill (tonnes)	18,765 tonnes	18,048 tonnes	17,431 tonnes	16,500 tonnes	931 tonnes
Residents (%) who regularly use recycling (including weekly, fortnightly or monthly use)	60%	61%	96%	90%	6
<i>To measure the quality of our waste disposal services</i>					
Residents (%) satisfaction with waste collection services	76%	85%	85%	90%	(5)
Energy sourced from the Southern Landfill (GWh)	7.0GWh	7.6GWh	7.65GWh	8GWh	(0.35GWh)
<i>To measure the amount (quantity) of the Council's energy consumption and emissions</i>					
WCC corporate energy use (including WCC general)	21,069,031kWh	20,660,224kWh	19,854,825kWh	(Decrease in energy use from previous year)	805,399
WCC pools and recreation centres WCC CCOs)kWh	18,446,633kWh	19,320,398kWh	22,300,682kWh		(2,980,284)
WCC corporate greenhouse gas emissions	6,968,518kWh	7,204,428kWh	6,673,381kWh		531,047
WCC corporate greenhouse gas emissions	First year of trend	N/A	92,832 tonnes	As part of the Low-Carbon Capital Plan all 2020 targets were revised and only 2050 targets were kept)	-
<b>2.3 Water</b>					
<i>To measure the quality of water supplied to residents and the services that ensure security of supply</i>					
Compliance with Drinking Water Standards for NZ 2005 (revised 2008) (Part 4 bacterial compliance criteria) (Part 5 Protozoal compliance criteria)	100% Achieved	100% Achieved	100% Achieved	100% Achieved	0
Maintenance of water supply quality gradings from Ministry of Health	Maintained	Maintained	Maintained	Maintain	-
Customer satisfaction with water supply	99%	97%	91%	90%	1

Number of complaints about: (a) drinking water clarity (b) drinking water taste (c) drinking water odour (d) drinking water pressure or flow (e) drinking water continuity of supply (f) responsiveness to drinking water complaints per 1,000 connections*	DIA (New)	DIA (New)	13	Baseline	-
Median response time for: (a) attendance for urgent call outs (b) resolution for urgent call outs (c) attendance for non-urgent call outs (d) resolution non-urgent call outs*	DIA	DIA	50Mins 2.80 Hours 28.7 Hours 46.35 Hours	60 Mins 4 Hours 36 Hours 15 Days	10 Mins* 1.2 Hours* 7.3Hours* 13.1 Days*
* See Variance Explanation Tables DIA (NEW) - New Department of Internal Affairs Mandated Measure					
<b>Performance measure</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16 Actual</b>	<b>2015/16 Target</b>	<b>Actual difference / Difference in % points*</b>
Percentage of real water loss from networked reticulation system	11%	13%	12%	<14%	2
Average drinking water consumption/resident/day	254 litres per resident per day	273 litres per resident per day	369 litres per resident per day	375 litres per resident per day	6 litres per resident per day
Number of unplanned supply cuts per 1,000 connections	New in LTP	-	1.2	<4	2.8*
<b>2.4 Wastewater</b>					
<i>To measure the quality and timeliness of the wastewater service</i>					
Number of wastewater reticulation incidents per km of reticulation pipeline (blockages)	New in LTP	New in LTP	0.57	<=1.2	0.63*
Dry weather wastewater overflows/1,000 connections*	DIA (New)	DIA (New)	0.55	0	(55)*
Customer satisfaction with the wastewater service	100%	97%	84%	75%	9
Number of complaints about: (a) wastewater odour (b) wastewater system faults (c) wastewater system blockages (d) responsiveness to wastewater system issues per 1,000 connections*	DIA (New)	DIA (New)	22	Baseline	-
Median response time for wastewater overflows: (a) attendance time (b) resolution time*	DIA (New)	DIA (New)	0.73 Hours 2.35 Hours	<=1 Hours <=6 Hours	0.27 Hours* 3.65 Hours*
<i>To measure the impact of wastewater on the environment</i>					
Breaches of resource consents for discharges from wastewater system. Number of: - abatement notices - infringement notices - enforcement orders - convictions for discharges from wastewater system.*	New in LTP	-	1	0	1
<b>2.5 Stormwater</b>					
<i>To measure the quality and timeliness of the stormwater service</i>					
Number of pipeline blockages per km of pipeline	New in LTP	-	0.04	<=0.5	0.46*
Customer satisfaction with stormwater management	100%	95%	68%	75%	7
Number of complaints about stormwater system performance per 1,000 connections	New in LTP	-	12	Baseline	-
Median response time to attend a flooding event	New in LTP	-	49 Mins	<=60 Mins	11 Mins*
<i>To measure the impact of stormwater on the environment</i>					

Breaches of resource consents for discharges from stormwater system. Number of: - abatement notices - infringement notices - enforcement orders - convictions for discharges from stormwater system	New in LTP	-	0	0	0
Number of flooding events*	DIA (NEW)	DIA (NEW)	1	Trend only	-
Number of habitable floors per 1,000 connected homes per flooding event*	DIA (NEW)	DIA (NEW)	0.014	Trend Only	-
Percentage of days during the bathing season (1 November to 31 March) that the monitored beaches are suitable for recreational use	85%	93%	100%	90%	10*
Percentage of monitored sites that have a rolling 12 month median value for E.coli (dry weather samples) that do not exceed 1,000 cfu/100ml	New in LTP	-	93%	90%	3
<b>2.6 Conservation attractions</b>					
<i>To measure the success of our investments in conservation attractions</i>					
Zoo - total admissions	227,434	225,927	260,809	234,713	26,096*
Zealandia - visitors	99,213	97,421	125,849	95,947	29,902*
* See Variance Explanation Tables DIA (NEW) – New Department of Internal Affairs Mandatory Measure					

**Outcome Indicators**  
**2 Environment**

Council outcome indicator	Source	Data (2014, 15 and 16)
Open space land owned or maintained by WCC - total hectares and square metres per capita	WCC Parks Sport and Recreation	Sqm Per Capita 206sqm <b>198sqm</b> 188.1sqm Hectares 4,213 3,967 <b>3,833</b>
Residents' usage of the city's open spaces - local parks and reserves, botanic gardens, beaches and coastal areas, and walkways	WCC RMS 2016	See Reference page Fig 1
Residents' perceptions that the natural environment is appropriately managed and protected	WCC RMS 2016	77% 78% <b>79%</b>
Hours worked by recognised environmental volunteer groups and botanic garden volunteers	WCC Parks Sport and Recreation	34,611 43,880 <b>45,009</b>
Water consumption (commercial and residential combined)	Wellington Water	26.4b 26.6b <b>24.5b Litres</b>
Freshwater biological health (macro invertebrates) - Makara, Karori, Kaiwharawhara and Porirua streams	Greater Wellington Regional Council	See Reference Page Fig 2
Freshwater quality - Makara, Karori, Kaiwharawhara and Porirua streams (note data for Owhiro Stream not available)	Greater Wellington Regional Council	See Reference page Fig 3
Energy use per capita	Wellington Electricity	6.6 6.6 <b>6.6 MWh</b>
Number/sqm of 'green star' buildings/space in the city	NZ Green Building Council	141,36m <sup>2</sup> 141,36m <sup>2</sup> <b>198,44m<sup>2</sup></b>
Total kerbside recycling collected per capita	WCC Waste Operations	0.060718987 0.059155 <b>0.054597645 Tonnes</b>
Total waste to the landfill per capita	WCC Waste Operations	0.40 0.41

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Selected indicators from the City Biodiversity Index (specific indicators to be confirmed)	WCC Parks Sport and Recreation	<b>0.41 Tonnes</b> New Biodiversity Index indicators will be confirmed in November 2016
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Key Performance Measures  
3 Economic Development

Performance measure	2013/14	2014/15	2015/16 Actual	2015/16 Target	Actual difference /Difference in % points*
<b>3.1 City promotions and business support</b>					
<i>To measure the quality of our investments in promoting the city</i>					
WREDA - Positively Wellington Tourism partnership funding	50%	46%	48%	Maintain council's funding at less than 50% of total income	Achieved (2)
<i>To measure the usage of WCC supported events</i>					
Estimated attendance at WCC supported events	670,368	898,968	978,188	500,000	478,188*
<i>To measure the quality of our investments in economic development</i>					
Events Development Fund - ratio of direct spend to economic impact	23:1	23:1	25:1	20:1	5:1
The proportion of grant funds successfully allocated (through milestones being met)	N/A	100%	No Reporting in 15/16	95%	-*
* See Variance Explanation Tables DIA(NEW) – New Department of Internal Affairs Mandatory Measure					

**Outcome Indicators**  
3 Economic Development

Council outcome indicator	Source	Data (2014, 15 and 16)
Number of domestic and international visitors (guest nights)	Statistics NZ	Domestic 667,760 668,692 <b>769,714</b> International 686,692 769,714 <b>743,203</b>
Average length of stay - international and domestic	Statistics NZ	2.12 Nights 2.14 Nights <b>2.12 Nights</b>
Number of major conferences	WREDA	619 633 <b>599</b>
Number of A-level events held in Wellington and their economic contribution	WREDA	10 - \$30.9m 12 - \$29.9m <b>11 - \$36.5m</b>
New Zealand's top 200 companies based in Wellington	Deloitte Top 200 Businesses	21 22 <b>21</b>
Business enterprises - births and growths (net growth in business)	Statistics NZ	0.1% 2.9% <b>0.4%</b>
Domestic and international airline passengers entering Wellington airport	Wellington International Airport Limited	Domestic: 4,684,000 4,682,000 <b>4,899,000</b> International: 753,000 775,000 <b>897,000</b>
Free wifi usage (logons/day) - waterfront and central city	Citylink  Trademe	CBD 2,431,247 6,816,785 <b>17,990,606</b> Waterfront 194,852 142,366

		<b>299,844</b>
Pedestrian counts - average of various Lambton Quay sites	WCC Golden Mile Pedestrian Survey 2015	2,069 1,971 <b>2,052</b>
Businesses and employees in research and development sector	Statistics NZ	See Reference Page Fig 4
Secondary (international) and Tertiary (international and domestic) students enrolled per 1,000 residents	WREDA	Secondary International Students: 347 363 <b>1080</b> Tertiary Students per 1000 residents: 3 3 <b>7</b>
Events/activities held with international cities (in Wellington and overseas)	WCC International Relations	76 72 <b>75</b>

Key Performance Measures

4 Cultural wellbeing

Performance measure	2013/14	2014/15	2015/16 Actual	2015/16 Target	Actual difference /Difference in % points*
<b>4.1 Arts and culture activities</b>					
<i>To measure the quality and usage of our arts and culture support activities</i>					
Attendee satisfaction with Council supported arts and cultural festivals	86%	84%	85%	90%	(5)
User (%) satisfaction with Toi Pōneke facilities and services	83%	91%	89%	90%	(1)
Economic contribution (\$) the NZ Festival makes to the city's economy (direct new spend)	\$70m	-	\$32,092,900	\$40m	(7,907,100)*
The proportion of grants funds successfully allocated (through milestones being met)	100%	96%	98%	95%	3
Proportion of outcomes delivered (previous projects - weighted by \$ value)	100%	95%	98%	90%	8
Venues subsidy - total number of performers and attendees at supported events	13,878	12,564	113,390	Increase on previous year	Achieved
Cultural grants - % first time applicants who are successful	63%	43%	38%	50%	(12)*
* See Variance Explanation Tables DIA(NEW) – New Department of Internal Affairs Mandatory Measure					

Outcome Indicators

4 Cultural wellbeing

Council outcome indicator	Source	Data (2014, 15 and 16)
Residents frequency of engagement in cultural and arts activities	WCC RMS 2016	See Reference Page Fig 5
New Zealanders' and residents' perceptions that "Wellington has a culturally rich and diverse arts scene"	National Wellington Reputation Survey Results 2016	New Zealand 84% 84% <b>81%</b> Residents 89% 91% <b>92%</b>
Resident perceptions that Wellington's local identity (sense of place) is appropriately valued and protected	WCC RMS 2016	72% 76% <b>78%</b>
Events held at key city venues	Positively Wellington Venues	1,689 1,647 <b>958</b>
New Zealanders' and residents' perceptions that "Wellington is the arts capital of New Zealand"	National Wellington Reputation Survey Results 2016	New Zealanders 52% 57% <b>58%</b> Residents 68% 63% <b>66%</b>
New Zealanders' and residents' perceptions that "Wellington is the events capital of New Zealand"	National Wellington Reputation Survey Results 2016	New Zealanders 31% 34% <b>36%</b> Residents 48% 46% <b>52%</b>
Residents' (%) agreement with the statement that "Wellington is an easy place to get involved in the arts"	National Wellington Reputation Survey Results 2016	80% 85%

		<b>86%</b>
Te Papa visitors - total visitors, overseas visitors and NZ visitors from outside the region	Te Papa New measure in LTP	Total 1,784,939 Overseas 708,371 NZ outside region 581,986
Customer (%) satisfaction with the NZ Festival	Nielsen - 2016 NZ International Arts Festival Review	2014 87% 2016 <b>91%</b>
Total tickets sold (#) to the NZ Festival and the proportion sold to customers outside the region	New Zealand International Arts Festival	2014 115,892 2016 Excl. Tattoo** 95,000 Tattoo 84,455 Incl. Tattoo 179,455 Proportion sold to out of region 2014 31% (35,927) 2016 Excl. Tattoo 19% (18,050) Tattoo 63% (53,601) incl. Tattoo 40% (71,651)
Total visits to museums and galleries (including Carter Observatory – now called Space Place)	Wellington Museum Trust	601,743 644,411 <b>688,169</b>

**Key Performance Measures**  
**5 Social and recreation**

Performance measure	2013/14	2014/15	2015/16 Actual	2015/16 Target	Actual difference /Difference in % points*
<b>5.1 Recreation promotion and support</b>					
<i>To measure the quality and usage (quantity) of the recreation facilities we provide</i>					
User (%) satisfaction - swimming pools	82%	85%	88%	90%	(2)
User (%) satisfaction - recreation centres and ASB centre	Recreation Centres 88% ASB Centre 88%	Recreation Centres 85% ASB Centre 86%	Recreation Centres 87% ASB Centre 91%	90%	(3) 1
User (%) satisfaction - sports fields (including artificial sports fields)	Grass 83% Artificial 89%	Grass 78% Artificial 89%	Grass 42% Artificial 94%	85%	(43)* 9
Visits to facilities - swimming pools	1,222,725	1,234,283	1,300,700	1,248,000	52,700
Visits to facilities - recreation centres and ASB Centre	321,723	324,878	1,077,573	1,050,000	27,573*
ASB Centre courts utilisation (%)	41%	46%	50%	45%	5
Sportsfields - % of scheduled sports games and training that take place	Winter 78% Summer 89%	Winter 88% Summer 99%	Winter 79% Summer 99%	Winter 80% Summer 90%	(1) 9
Marinas occupancy	97%	98%	96%	96%	0
Artificial sportsfields % utilisation - peak and off peak (summer and winter)	Peak Winter 76% Peak Summer 35% Off-peak Winter 18% Off-peak Summer 16%	Peak Winter 68% Peak Summer 32% Off-peak Winter 25% Off-peak Summer 11%	Peak Winter 68% Peak Summer 36% Off-peak Winter 15% Off-peak Summer 10%	Peak Winter 80% Peak Summer 40% Off-peak Winter 25% Off-peak Summer 20%	(12)* (4) (10)* (10)*
<b>5.2 Community support</b>					
<i>To measure the quality and usage (quantity) of the housing services we provide</i>					
Tenant satisfaction (%) with services and facilities	90%	94%	94%	90%	4
Tenant rating (%) of the overall condition of their house/apartment (good and very good)	89%	95%	96%	90%	6

Tenant (%) sense of safety in their complex at night	78%	78%	75%	75%	0
Occupancy rate of available housing facilities	98%	95%	94%	90%	4
All tenants (existing and new) housed with policy	99%	99%	99%	98%	1
<b>To measure the progress of the Housing Upgrade Project</b>					
Agreed milestones, design standards and budgets are met in accordance with the agreed works programme and Deed of Grant between the Crown and the Council	Partially Achieved	Achieved	Achieved	To Achieve	Achieved
<b>To measure the quality and usage (quantity) of our community and recreation support services (including libraries)</b>					
Libraries - user (%) satisfaction with services and facilities	83%	87%	93%	90%	3
E-library users satisfaction (%) with the online library collection	78%	84%	85%	75%	10*
Accessible Wellington Action Plan initiatives planned for next year	95%	77%	85%	90%	(5)
The proportion of grants fund successfully allocated (through milestones being met)	100%	100%	100%	95%	5
Proportion of outcomes delivered (previous projects) - weighted by \$ value	100%	100%	100%	90%	10*
Libraries - residents (%) who are registered members	74%	77%	79%	75%	4
Libraries - physical visits	2,310,848	2,276,034	2,248,409	2,400,000	(151,591)
Libraries - website visits	2,283,909	3,630,775	3,809,967	2,500,000	1,309,967*
Library items issued	2,952,353	2,902,402	2,923,042	3,000,000	(76,958)
Occupancy rates (%) of Wellington City Council Community Centres and Halls	35%	34%	39%	45%	(6)
<b>5.3 Public Health and Safety</b>					
<b>To measure the quality of our public health and safety services and programmes and our timeliness in responding to service requests</b>					
Dog control - urgent requests responded to within one hour and non-urgent within 24 hours	Urgent 97% Non-urgent 99%	Urgent 100% Non-urgent 99%	Urgent 100% Non-urgent 100%	Urgent 100% Non-urgent 99%	Urgent 0 Non-urgent 1
WCC public toilets - urgent requests responded to within four hours and non-urgent within three days	Urgent 100% Non-urgent 100%	Urgent 99% Non-urgent 99%	Urgent 100% Non-urgent 100%	Urgent 100% Non-urgent 95%	Urgent 0 Non-urgent 5
WCC public toilets (%) that meet required cleanliness and maintenance performance standards	100%	100%	100%	95%	5
Percentage of medium, high and very high risk premises that are inspected annually	100%	100%	100%	100%	0
Percentage of inspections of medium, high and very high risk premises that are carried out during peak trading hours	34%	35%	28%	25%	3
Graffiti removal - response timeframes met	New in LTP	-	85%	80%	5
* See Variance Explanation Tables <small>DIA (NEW) – New Department of Internal Affairs Mandatory Measure</small>					

## Outcome Indicators

### 5 Social and recreation

Council outcome indicator	Source	Data (2014, 15 and 16)
Residents' usage of City Council community and recreation facilities	WCC RMS 2016	Community Centre 20% 22% 20% Community Hall



		19% 19% <b>21%</b>
Residents' perceptions that Wellington offers a wide range of recreation activities	WCC RMS 2016	76% 85% <b>82%</b>
Residents' frequency of physical activity	WCC RMS 2016	65% 71% <b>74%</b>
Residents' perceptions that there are barriers to participating in recreation activities	WCC RMS 2016	See Reference Page Fig 6
Residents' importance of sense of community in local neighbourhood	WCC RMS 2016	2012 – 75% 2014 – 71% (Biennial Result)
Residents' usage of libraries and frequency of use	WCC RMS 2016	See Reference Page Fig 7
Residents' engaging in neighbourly actions	WCC RMS 2016	See Reference Page Fig 8
Housing Services tenants who report positive social contact	2016 Tenant Survey	88% 94% <b>94%</b>
Residents' perceptions - city and community safety issues of most concern	WCC RMS 2016	See Reference Page Fig 9
Recorded crime and resolution rates - by categories	NZ Police	*Police changed the way they report crime statistics
Number of notifications of the most prevalent food and water-borne diseases	WCC Public Health	238 207 <b>197</b>
Residents' life expectancy	Statistics NZ	2012-14 Male 81 Female 84
Food premises - number of cleaning notices and closures per year	WCC Public Health New in LTP	Cleaning notices 16 17 <b>8</b> Closures 3 1 <b>2</b>
Percentage of food premises with an inspection rating of excellent or very good that maintain or improve their inspection rating	WCC Public Health	89% 99% <b>93%</b>
Number of uses of Leisure Card	Recreation Wellington	122,446 <b>126,316</b> <b>138,447</b>
Dog control - complaints received (% of registered dogs)	WCC Public Health	30% <b>22%</b> <b>24%</b>

Key Performance Measures  
6 Urban development

Performance measure	2013/14	2014/15	2015/16 Actual	2015/16 Target	Actual difference /Difference in % points†
<b>6.1 Urban planning, heritage and public spaces development (including Waterfront development)</b>					
<i>To measure the quality of our urban planning, heritage protection and development work</i>					
Residents (%) who agree the city is developing in a way that maintains high quality design	New in LTP	New in LTP	55%	Baseline	-
District Plan listed items that are removed or demolished	Nil	Nil	Nil	Nil	Nil
Residents (%) who agree the central city is lively and attractive	80%	86%	85%	87%	(2)
Residents (%) who agree their local suburban centre is lively and attractive	45%	48%	47%	60%	(13)*
Residents (%) who rate their waterfront experience as good or very good	88%	94%	92%	90%	2
The proportion of grant funds successfully allocated (through milestones being met)	100%	100%	64%	95%	(31)*
Residents (%) who agree heritage items are appropriately valued and protected	60%	64%	69%	65%	4
<b>6.2 Building and Development Control</b>					
<i>To measure the timeliness of our building and development control services</i>					
Building consents issued within 20 working days	92%	98%	92%	100%	(8)
Code of Compliance Certificates issued within 20 working days	99%	96%	96%	100%	(4)
Land Information Memorandums (LIMs) issued within 10 working days	91%	81%	99%	100%	(1)
Resource consents (non-notified) issued within statutory timeframes	100%	100%	100%	100%	0
Resource consents that are monitored within 3 months of project commencement	98%	99%	97%	90%	7
Subdivision certificates - Section 223 certificates issued within statutory timeframes	100%	100%	100%	100%	0
Noise control (excessive noise) complaints investigated within one hour	99%	98%	96%	90%	6
Environmental complaints investigated within 48 hours	100%	99%	98%	98%	0
<i>To measure the quality of our building and development control services</i>					
Customers (%) who rate building control services as good or very good	69%	76%	79%	70%	9
Building Consent authority (BCA) accreditation retention (2-yearly)	Retained	Retained	Accreditation not tested this year	To retain	-
<i>To measure our progress on earthquake risk mitigation</i>					
Earthquake prone building notifications (section 124) (%) that are issued without successful challenge	100%	99%	100%	95%	5
* See Variance Explanation Tables DIA (NEW) - New Department of Internal Affairs Mandatory Measure					

Outcome Indicators  
6 Urban development

Council outcome indicator	Source	Data (2014, 15 and 16)
Residents' perceptions that Wellington is a great place to live, work and play	WCC RMS 2016	Live 89% 96% 95% Work 66% 62%

		63% Play 89% 88% 93%
Value of residential and commercial building consents	Statistics NZ	Residential \$256m \$246m <b>\$233m</b> Commercial \$271m \$302m <b>\$359m</b>
Population - growth and density (central city, growth spine)	WCC GIS As at Census 2013 same data	Central city (people) 11,797 Growth spine (people) 25,301
Residents' perceptions of the city centre as an easy place to get to, use and enjoy	WCC RMS 2016	See reference page Fig 10
Residents' perceptions of urban design/urban form safety issues (i.e. graffiti, vandalism, poorly lit public spaces, etc.)	WCC RMS 2016	See Reference Page Fig 11
Building density throughout the city	WCC GIS	See Reference Page Fig 12
Proportion of houses within 100metres of a public transport stop	WCC GIS	See Reference Page Fig 13
Residents' perceptions that heritage items contribute to the city and local communities' unique character	WCC RMS 2016	City 86% 92% <b>92%</b> Local community 67% 71% <b>72%</b>
New Zealanders' perceptions that Wellington is an attractive destination	WCC RMS 2016	80% 78% <b>81%</b>

Key Performance Measures  
7 Transport

Performance measure	2013/14	2014/15	2015/16 Actual	2015/16 Target	Actual difference /Difference in % points*
<b>7.1 Transport</b>					
<i>To measure the quality and timeliness of the transport infrastructure and service</i>					
Residents condition (%) rating of the network - roads and footpaths (good or very good)	Roads 67%	Roads 66%	Roads 66%	Roads 75%	(9)
	Footpaths 69%	Footpaths 71%	Footpaths 67%	Footpaths 75%	(8)
Requests for service response rate - urgent (within two hours) and non-urgent (within 15 days)*	Urgent 84%	Urgent 96%	Urgent 96%	Urgent 100%	(4)
	Non-urgent 89%	Non-urgent 97%	Non-urgent 98%	Non-urgent 100%	(2)
Roads (%) which meet smooth roads standards (average quality of ride on sealed local road network, measured by Smooth Travel Exposure based on NAASRA counts)*	76%	77%	75%	70%	5
Footpath (%) condition rating (measured against WCC condition standards)*	DIA (NEW)	DIA (NEW)	97%	97%	0
Street lighting (%) for major roads (arterial, principal and collector roads) meets national standards	93%	97%	97%	100%	(3)
Residents' satisfaction (%) with street lighting in the central city and suburban areas	Central City 78%	Central City 80%	Central City 78%	Central City 85%	(7)
	Suburbs 51%	Suburbs 55%	Suburbs 54%	Suburbs 75%	(21)*
Sea wall and retaining wall condition rating - walls (%) rated 3 or better (1 very good, 5 very bad)	91%	91%	91%	90%	1
Percentage of the sealed local road network that is resurfaced*	DIA (NEW)	DIA (NEW)	9 %	10%	(1)
<b>7.2 Parking</b>					
<i>To measure the quality of our parking provision</i>					
On-street car park turn-over rates - weekdays and weekends	Weekdays 6.3	Weekdays 6.3	Weekdays 6.1	Weekdays 6.8	(0.7)*
	Weekends 5.2	Weekends 4.8	Weekends 4.7	Weekends 5.2	(0.5)*
On-street car park average occupancy	74%	80%	78%	75%	3
On-street car park compliance - time restrictions and payment	Time 93%	N/A	N/A	Time 95%	*
	Payment 85%			Payment 90%	
Residents' perceptions (%) that parking enforcement is fair	33%	50%	48%	Increase from previous year	-
* See Variance Explanation Tables DIA (NEW) - New Department of Internal Affairs Mandatory Measure					

Outcome Indicators  
7 Transport

Council outcome indicator	Source	Data (2014, 15 and 16)
Residents' perceptions that peak traffic volumes are acceptable	WCC RMS 2016	53% 47% <b>43%</b>
Residents' perceptions that the transport system allows easy access to the city	WCC RMS 2016	64% 66% <b>63%</b>
Residents' perceptions of quality and affordability of public transport services	WCC RMS 2016	Convenient  68% 70% 69% Affordable 40% 38% <b>46%</b>
Air quality monitoring (i.e. nitrogen dioxide, carbon monoxide, and particulate matter peaks)	Greater Wellington Regional Council	See Reference page Fig 14
Change from previous year in the number of road crashes resulting in fatalities and serious injury.*	New Zealand Transport Authority	Fatal 3 Serious 57 Fatal 3 Serious 46 <b>Fatal 1</b> <b>Serious 15</b>
Social cost of crashes	New Zealand Transport Authority	Fatal \$12,303,000 Serious \$43,457,000 Total \$79,020,000* Fatal \$12,850,000 Serious \$34,590,000 Total \$ 69,289,000* Fatal \$4,101,000 Serious \$11,391,000 Total \$ 20,361,000* *Excluding minor
Residents' perceptions of transport related safety issues (i.e. issues of most concern)	WCC RMS 2016	See Reference Page Fig 15
Number of cyclists and pedestrians entering the Central Business District (weekdays)	WCC Infrastructure	See Reference Page Fig 16
Residents (%) who agree the transport system allows easy movement around the city - vehicle users and pedestrians	WCC RMS 2016	64% 65% <b>62%</b>



**Percentage Points Explanation Tables**

1 Governance		
1.1 Governance, Information and Engagement		
Measure	Actual difference /Difference in % points*	Explanation
Residents (%) who are satisfied or neutral (neither satisfied nor dissatisfied) with regard to their involvement with decision-making	(16)	Engagement and consultation on Island Bay Cycleway project impacted on the perception the public has on Council's decision making process. Council has acknowledged that we could do better in this area and is addressing this issue by re-engaging with the Island Bay community on the cycleway project.
Council and committee agendas (%) that are made available to <i>elected members</i> five days prior to the meeting and to the public four days prior to the meeting	11	Performance against this measure has improved tremendously as we have put systems in place for our staff to meet this measure
1.2 Māori and Mana Whenua Partnerships		
Māori residents (%) who are satisfied or neutral (neither satisfied nor dissatisfied) with regard to their involvement with decision-making	(10)	This year our satisfaction rating dropped a few points. This is a process of engagement and we need to work harder to ensure that Māori are engaged in decision making..
2 Environment		
2.1 Gardens, Beaches, and Green Open Spaces		
Measure	Actual difference /Difference in % points*	Explanation
Number of visitors to the Botanic Gardens (including Otari-Wilton's Bush)	(132,933)	Attendance counters have been made ineffective at times as insects build nests within them causing the counters not to work. With the cruise ship season and summer we just had it should have been well over 1.2m
2.3 Water		
Median response time for: (a) attendance for urgent call outs (b) resolution for urgent call outs (c) attendance for non-urgent call outs (d) resolution for non-urgent call	10 Mins 1.2 Hours 7.3 Hours 13.1 Days	This is a new indicator as mandated by the DIA, with data collection having commenced in the last financial year. According to year end actual the maintenance contractor is performing better in this indicator than the target. With the limited data currently available, it is difficult to predict or update the annual target at this stage.
Number of unplanned supply cuts per 1,000 connections	2.8/1000	Year-end figure is less than the target due to the low number of unplanned supply cuts in the network. The result for this KPI depends on the amount of reactive work on the water network, the level of which is subject to many variables such as pipe materials & age, ground movement, traffic loading, soil condition etc.
2.4 Wastewater		
Number of wastewater reticulation incidents per km of reticulation pipeline (blockages)	0.63	Year-end figure is less than the target due to the low number of pipeline (blockages) in the network. Results for this KPI depend on pipe blockages in the wastewater network which cannot be easily predicted.
Dry weather wastewater overflows/1,000 connections*	55	"There have been 37 dry weather network overflows, 33 due to blockages (including one on a private sewage pipe), two due to a broken sewer main, one due to a private property leak and one due to stream erosion under a manhole. One overflow occurred at the Moa Point Treatment Plant in September due to a power failure. Work on capacity and demand issues is continuing across the network through investigations, planning, maintenance and upgrades. Network Dry Weather overflows: 37 Treatment plant Dry Weather overflows: 1 Total: 38 Total nr of connections: 69030 (WCC rating database) Therefore – 38/69030*1000= .055
Median response time for wastewater overflows: (a) attendance time (b) resolution time*	0.27 Hours 3.65 Hours	These are new indicators as mandated by the DIA, with data collection having commenced in the last financial year. According to YE actuals, maintenance contractor is performing better in these indicators than the targets. With the limited data currently available, it is difficult to predict or update the annual targets at this stage.
2.5 Stormwater		

Number of pipeline blockages per km of pipeline	0.46	Year-end figure is less than the target mainly due to the low number of stormwater reticulation incidents per km of reticulation pipeline (blockages) in the network. Results for this KPI are mainly dependent on pipe blockages which cannot be easily predicted. This result indicates that the storm water network is performing better than the targets.
Median response time to attend a flooding event	11 Mins	Year-end figure is less than the target mainly due to the low number of stormwater reticulation incidents per km of reticulation pipeline (blockages) in the network. Results for this KPI are mainly dependent on pipe blockages which cannot be easily predicted. This result indicates that the stormwater network is performing better than the target.
Percentage of days during the bathing season (1 November to 31 March) that the monitored beaches are suitable for recreational use	10	Year-end result indicates that our beaches are fully compliant for recreational use during the bathing season.
<b>2.6 Conservation Attractions</b>		
Zoo - total admissions	26,096	A positive variance resulting from great summer weather and a strong response to the opening of Meet the Locals He Tuku Aroha.
Zealandia - visitors	29,902	2015/16 was a good year for international visitors to Wellington and the long warm summer contributed to an overall uplift in Zealandia's visitation. The visitation performance also reflects a coordinated improvement in Zealandia's membership, its appeal as an education facility and its growing appeal to locals and visitors to Wellington.
<b>3 Economic Development</b>		
<b>3.1 City Promotions</b>		
<b>Measure</b>	<b>Actual difference /Difference in % points*</b>	<b>Explanation</b>
Estimated attendance at WCC supported events	478,188	Attendance from Capital 150 celebrations (91k), Edinburgh Tattoo (82k), Elton John (28k) and NZ Festival (95k) have pushed attendance above what was targeted.
<b>4 Cultural Wellbeing</b>		
<b>4.1 Arts and Culture Activities</b>		
<b>Measure</b>	<b>Actual difference /Difference in % points*</b>	<b>Explanation</b>
Economic contribution (\$) the NZ Festival makes to the city's economy (direct new spend)	(7,907,100)	The reported economic impact does not include the Royal Edinburgh Military Tattoo, which was presented by the Festival ahead of the NZ Festival and attracted 55,000 out of region visitors. Many out of region visitors chose the Tattoo over events within the main NZ Festival programme, which impacted on the NZ Festival's out of region attendance and therefore economic impact. One in six people surveyed indicated they chose the Tattoo at the expense of a NZ Festival event. The Edinburgh Military Tattoo was presented by the NZ festival as a separate event from the actual NZ festival itself so this is reported as part of the activities of the NZ festival for the last financial year through WREDA but they are considered separate events. As they were separate events this impacted the out of region attendance and the economic benefit to the city as one in 6 people surveyed said they chose the Tattoo over an event in the NZ festival itself, which then led to the NZ festival itself having a smaller benefit than previous as the tattoo had benefit that was not included in the NZ festival result.
Cultural grants - % first time applicants who are successful	(12)	Due to high demand on the Arts and Culture Fund more high quality applications from previous applicants were successful, the fund has been increased in 2016/17 by \$120,000 to meet increased demand
<b>5 Social and Recreation</b>		
<b>5.1 Recreation Promotion and Support</b>		
<b>Measure</b>	<b>Actual difference /Difference in % points*</b>	<b>Explanation</b>
User (%) satisfaction - sports fields (including artificial sports fields)	(43)	With the investment and provision of artificial surfaces alongside natural turf users expect a higher level of quality and availability. There is a conflict over the use of grass vs artificial fields for training vs competition which creates pressure on scheduling, resource and satisfaction The variability of environmental conditions outside of our control can impact users, which can also impact satisfaction.
Visits to facilities – recreation centres and ASB Centre	27,573	The change in numbers has come about because the ASB Sports Centre numbers (which had been separately recorded) have been included from 2015/16. Prior to that ASB was counted separately. The decision was made

		to include both the community recreation centres and ASB Centre together going forward.
Sportsfields - % of scheduled sports games and training that take place	9	With the investment and provision of artificial surfaces alongside natural turf there is a higher level of user expectation around the quality and availability of surfaces. There remains a conflict in the use of natural turf surfaces for training vs. competition play which places additional pressure on resources. The variability of environmental conditions outside of our control can impact users, which can also impact satisfaction.
Artificial sports fields % utilisation – peak winter	(12)	. For Winter 2015 we didn't meet the peak target due to the lack of use on our turfs late in the evenings on Sat/Sun between approx. 7pm – 9.30pm. There was a less use on the Wakefield artificial in April due to the car accident which hit our power box affecting all the lights, so there were less trainings happening in the evening
Artificial sports fields % utilisation – off peak winter	(10)	For Winter 2015 off-peak there was a large percentage increase in July's use due to a number of football holidays programmes happening during the School Holidays. For the other months the use was similar to Winter 2014. Due to the unpredictable weather and costs Primary Schools are reluctant to make bookings in Winter on the turfs.
Artificial sports fields % utilisation – off peak summer	(10)	There is little interest from customers to use the artificials during Summer time as schools have their own fields. With Alex Moore now added to the mix it means we have more hours available which we struggle to fill during summer off-peak weekdays.
<b>5.2 Community Support</b>		
E-library users satisfaction (%) with the online library collection	10	This is an increase mainly in the area of online journals and databases, which suggests customers overall satisfaction with the online collection increased when we purchased Zinio. This is a composite figure as the average satisfaction of eBooks, eAudio, website, Databases/journals, and for the first time eTutorials.
Proportion of outcomes delivered (previous projects) - weighted by \$ value	10	Following review in processes and subsequent improvements – the outcomes agreed to as part of funding agreements are realistic and achievable hence increase in proportion of outcomes achieved
Libraries - website visits	1,309,967	This figure now includes website visitors via the library app, which is a statistic that was not able to be collected when the target was originally set.
<b>5.0 Urban Development</b>		
<b>5.1 Urban Planning, Heritage and Public Spaces Development (including Waterfront Development)</b>		
<b>Measure</b>	<b>Actual difference /Difference in % points*</b>	<b>Explanation</b>
Residents (%) who agree their local suburban centre is lively and attractive	(13)	We continue to work on projects such as BIDs and other projects with residents to ensure lively and attractive suburban centres
The proportion of grant funds successfully allocated (through milestones being met)	(31)	The Built Heritage Incentive Fund supports seismic strengthening and conservation projects, grants are typically a small percentage contribution to overall costs and are paid up to 18 months after grants are offered, all outcomes may not be achieved by the time a building project has been completed, where outcomes are not achieved funds are returned to the pool for reallocation.
<b>7 Transport</b>		
<b>7.1 Transport</b>		
<b>Measure</b>	<b>Actual difference /Difference in % points*</b>	<b>Explanation</b>
Residents' satisfaction (%) with street lighting in suburban areas	(21)	WCC is reliant on the electricity network. We have experienced several network failures that contributed to light failures. During the upgrade of Victoria St long term failures in the network occurred. Where light failures occur we upgrade to new LED lights that are more reliable
<b>7.2 Parking</b>		
On-street car park turn-over rates - weekdays and weekends	Weekdays (0.7) Weekends (0.5)	Parking activity has seen an increase and this has had a negative impact on turnover rates.
On-street car park compliance - time restrictions and payment		Due to the piloting and subsequent installation of parking sensors we do not need to collect this data. Going forward new measure(s) will be developed relating to the parking sensors.

Reference Pages

2.0 Environment

Fig 1- Residents' usage of the city's open spaces - local parks and reserves, botanic gardens, beaches and coastal areas, and walkways

	Weekly			
	2013	2014	2015	2016
<b>Coastal areas or beaches</b>	19%	20%	22%	21%
<b>Botanic gardens</b>	5%	5%	6%	4%
<b>Parks and Reserves</b>	26%	25%	21%	22%
<b>Town Belt or Outer Green Belt</b>	9%	13%	11%	12%
<b>Walking tracks</b>	10%	14%	17%	16%
<b>Sports fields</b>	16%	12%	13%	11%
	Yearly			
	2013	2014	2015	2016
<b>Coastal areas or beaches</b>	95%	94%	96%	95%
<b>Botanic gardens</b>	83%	78%	87%	86%
<b>Parks and Reserves</b>	94%	92%	96%	95%
<b>Town Belt or Outer Green Belt</b>	72%	72%	78%	78%
<b>Walking tracks</b>	72%	72%	82%	80%
<b>Sports fields</b>	60%	58%	60%	60%

Fig 2 - Freshwater biological health (macro invertebrates) - Makara, Karori, Kaiwharawhara and Porirua streams

	2013/14	2013/14	2014/15	2015/16
<b>Makara Stream</b>	107.3	107	114	Report to be available in late 2016
<b>Karori Stream</b>	91.8	92	85	
<b>Kaiwharawhara Stream</b>	95.7	96	82	
<b>Porirua Stream (Wall Park) (new in 2014/15)</b>			81	
<b>Porirua Stream (Glenside) (new in 2014/15)</b>			94	

Fig 3 - Freshwater quality - Makara, Karori, Kaiwharawhara and Porirua streams (note data for Owhiro Stream not available)

	2013/14	2014/15	2015/16
<b>Makara Stream</b>	Poor	Fair	Report to be available in late 2016
<b>Karori Stream</b>	Poor	Fair	
<b>Kaiwharawhara Stream</b>	Fair	Fair	
<b>Porirua Stream (Wall Park) (new in 2014/15)</b>		Poor	

**Economic Development**

Fig 4 -Businesses and employees in research and development sector

Businesses			Employees				
Year	M691	P810	Total	Year	M691	P810	Total
2013	78	75	151	2013	570	4470	5040
2014	84	75	160	2014	620	4530	5150
2015	90	75	165	2015	640	4600	5240

Source: Statistics New Zealand

**Cultural Wellbeing**

Fig 5 - Residents frequency of engagement in cultural and arts activities

	2013/14	2014/15	2015/16
At least once a week	7%	9%	6%
At least once a month	25%	34%	32%
At least every 6 month	34%	33%	35%
At least once a year	13%	11%	15%
Less often	12%	9%	9%

Source: WCC Residents Monitoring Survey 2016

**Social and Recreation**

Fig 6 -Residents' perceptions that there are barriers to participating in recreation activities

	2011/12	2012/13	2013/14	2014/15	2015/16
Too busy	20%	47%	45%	47%	43%
Poor health	9%	11%	9%	6%	8%
Activity costs too much	7%	37%	36%	26%	29%
Activity too far away	4%	22%	23%	19%	23%
No facilities for child care	0%	5%	5%	5%	5%
Weather	6%	27%	30%	34%	29%
Not at a convenient time	6%	17%	20%	21%	20%
Shift work	2%	6%	6%	6%	6%
Lack of motivation	5%	24%	23%	22%	22%
No facilities exist	1%	5%	3%	1%	2%
Tiredness	1%	20%	21%	30%	23%
Lack of knowledge about how to do it	3%	15%	13%	15%	12%
Environmental factors (eg road conditions, pollution)	0%	3%	3%	3%	3%
Lack of parking or transport	8%	20%	19%	20%	22%
Nothing or not interested	32%	10%	13%	10%	12%
Other (specify)	7%	8%	8%	8%	6%
Don't know	4%	2%	3%	1%	0.3%

Fig 7- Residents' usage of libraries and frequency of use



	2013/14	2014/15	2015/16
More than once a week	5%	4%	5%
Once a week	15%	15%	15%
Once every 2-3 weeks	22%	24%	20%
Once a month	19%	19%	20%
Once every 2-3 months	17%	21%	19%
Once every 4-6 months	11%	7%	12%
Less often than once every 6 months	11%	8%	9%
Don't Know	0%	1%	0.50%

Source: WCC Residents Monitoring Survey 2016

Fig 8 - Residents' engaging in neighbourly actions

	2014	2015	2016
Spoken to a neighbour	88%	92%	91%
Given help to a neighbour	55%	58%	62%
Received help from a neighbour	44%	47%	49%
Participated in an activity with a neighbour	34%	38%	36%
Discussed emergency preparedness with a neighbour	19%	16%	14%
None of the above	10%	7%	7%

Source: WCC Residents Monitoring Survey 2016

Fig 9 - Residents' perceptions - city and community safety issues of most concern

	2013/14	2014/15	2015/16
Poorly lit or dark public areas such as streets, paths and parks	71%	61%	63%
Vandalism such as broken windows in shops and public buildings	28%	26%	27%
Graffiti	40%	34%	32%
Poorly maintained or dangerous public areas such as streets, paths and parks	40%	34%	37%
Traffic, including busy roads and lack of pedestrian facilities	31%	34%	33%
Dangerous driving including speeding, drunk drivers and so on	35%	29%	30%
Alcohol and drug problems	55%	51%	49%
Car theft or vandalism, and theft from cars	29%	36%	32%
Threatening people and/or people behaving dangerously	51%	48%	51%
Other (specify)	10%	11%	10%
Nothing	2%	5%	5%
Don't know	2%	1%	2%

Source: WCC Residents Monitoring Survey 2016

#### Urban Development

Fig 10 - Residents' perceptions of the city centre as an easy place to get to, use and enjoy

	2013/14	2014/15	2015/16
Easy to get around	78%	83%	72%
Easy to access leisure activities	71%	80%	80%

Source: WCC Residents Monitoring Survey 2016

Fig 11 - Residents' perceptions of urban design/urban form safety issues (i.e. graffiti, vandalism, poorly lit public spaces, etc.)

	2014	2015	2016
Poorly lit public areas	71%	61%	63%
Vandalism	28%	26%	27%
Graffiti	40%	34%	32%
Poorly maintained public areas	40%	34%	37%

Source: WCC Residents Monitoring Survey 2016

Fig 12 - Building density throughout the city\* - Report due in November 2016

	2013/14		2014/15	
	number of buildings	building density (buildings/hectare)	number of buildings	building density (buildings/hectare)
Central city	Data set for this measure comes from a third party. It was not updated during 2013/14		1,825	8
Inner residential			10,485	35
Outer residential			75,499	22
Business 1 & 2, Centres and Medium Density Residential Area			3,640	11

Source: WCC GIS

Fig 13 - Proportion of houses within 100metres of a public transport stop

2013/14	2014/15	2015/16
data set for this measure comes from a third party. It was not updated during 2013/14	45%	45%

Source: WCC GIS

### Transport

Fig 14 - Air quality monitoring (i.e. nitrogen dioxide, carbon monoxide, and particulate matter peaks)

		2013/14	2014/15	2015/16
NO <sub>2</sub> (µg/m <sup>3</sup> )	max	79.8	86.6	66
	mean	19	20	-
CO (mg/m <sup>3</sup> )	max	2	2	1
	mean	0.4	0.4	-
Particulate matter (PM10) (µg/m <sup>3</sup> )	max	28	32	32
	mean	14	13	-

Source: Greater Wellington Regional Council, Air quality state of the environment monitoring programme, Annual data report 2015

Note: The data is for the calendar year. The 2015 data is not comparable to previous years because, as a result of the Victoria St upgrade,

the data is now derived from a new site on Willis St. This change of site has also meant that for 2015 there is insufficient data capture to generate a mean metric.

Fig 15 - Residents perceptions of transport related safety issues (i.e. issues of most concern)

	2013/14	2014/15	2015/16
<b>Traffic or busy roads</b>	31%	34%	33%
<b>Car theft or vandalism</b>	29%	36%	32%
<b>Poorly lit or dark public areas</b>	71%	61%	63%
<b>Dangerous driving</b>	35%	29%	30%

Source: WCC Residents Monitoring Survey 2016

Note that survey in 2012/13 and 2013/14 asked for issues of particular concern rather than issue of 'most' concern. Prior year results are not comparable.

Fig 16 - Number of cyclists and pedestrians entering the Central Business District (weekdays)

2013/14		2014/15		2015/16	
Cyclists	Pedestrians	Cyclists	Pedestrians	Cyclists	Pedestrians
8,111	58,750	10,515	54,319	9,621	55,120

# Wellington City Council and Group Consolidated Financial Statements For the year ended 30 June 2016

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**Statement of Compliance and Responsibility**

**Reporting entity**

Wellington City Council is a territorial local authority governed by the Local Government Act 2002.

The primary purpose of the Council and Group is to provide goods or services for community or social benefits rather than making a financial return. As a defined public entity under the Public Audit Act 2001, the Council is audited by the Office of the Auditor General and is classed as a Public Sector Public Benefit Entity for financial reporting purposes.

The reported Council figures includes the results and operations of Wellington City Council and the Council's interests in the joint ventures as disclosed in Note 35: Jointly controlled assets (page XX).

The reported Group figures includes the Council (as defined above), its controlled entities (subsidiaries) as disclosed in Note 19 (page XX) and the Council's equity accounted interest in the associates and a jointly controlled entity as disclosed in Note 20 (page XX). A structural diagram of the Council and Group is included on the following page.

**Compliance**

The Council and management of Wellington City Council confirm that all the statutory requirements in relation to the Annual Report, as outlined in Schedule 10 of the Local Government Act 2002, including the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP) have been complied with.

The financial statements have been prepared to comply with Public Sector Public Benefit Entity Accounting Standards (PBE accounting standards) for a Tier 1 entity<sup>1</sup> and were authorised for issue by the Council on 28 September 2016.

**Responsibility**

The Council and management accept responsibility for the preparation of the annual financial statements and judgements used in them. They also accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and management, the Annual Report for the year ended 30 June 2016 fairly reflect the financial position, results of operations and service performance achievements of Wellington City Council and Group.

**Celia Wade-Brown**

**Mayor**

28 September 2016

**Kevin Lavery**

**Chief Executive**

28 September 2016

**Andy Matthews**

**Chief Financial Officer**

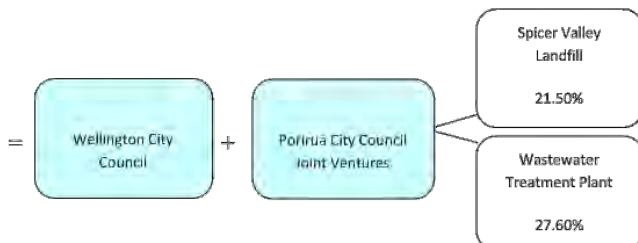
28 September 2016

1. A Tier 1 entity is defined as being either, publicly accountable or large (ie. expenses over \$30m). Council exceeds the expenses threshold.

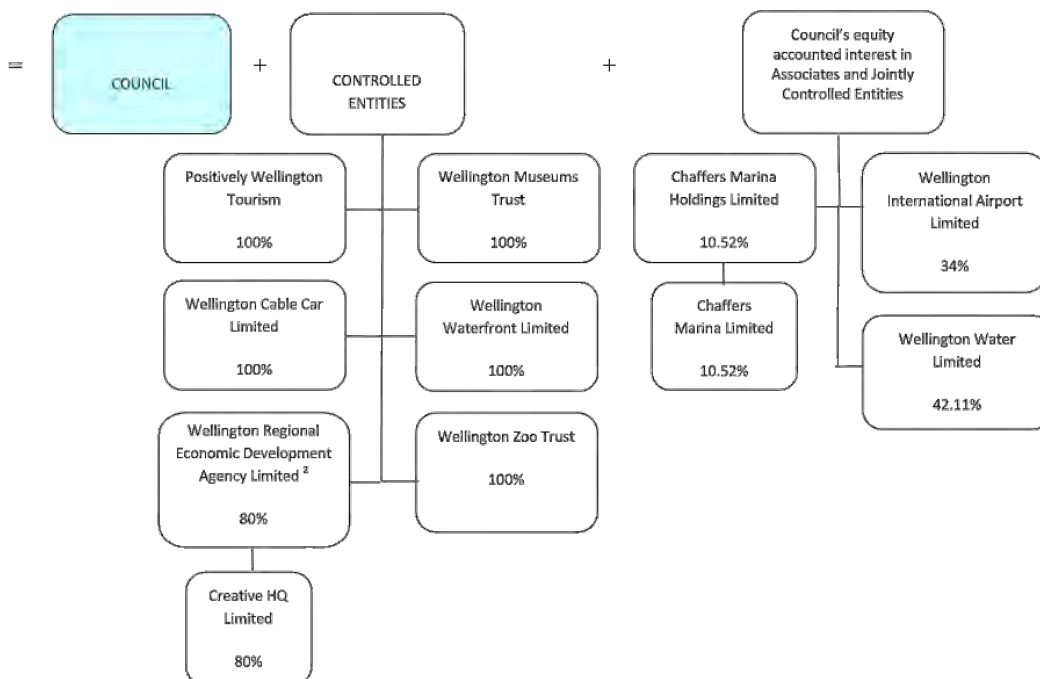


**Council and Group Structure**

**Wellington City Council Reporting Entity (Council)**



**Wellington City Council Group Reporting Entity (Group)**



All entities included within the Group are domiciled in Wellington, New Zealand

The percentages above represent the Council's interest and/or ownership (for accounting purposes) in each of the entities in the Group. Refer to Notes 19 and 20 (pages XX to XX) for more information

1. The legal name of Positively Wellington Tourism is Partnership Wellington Trust. The operations of the Trust were transferred to Wellington Regional Economic Development Agency Limited with effect from 1 January 2015. The winding up of the Trust has not been completed as at 30 June 2016.
2. Wellington Regional Economic Development Agency Limited (WREDA) is a combination of the previously held activities of the Wellington Venues Limited and Positively Wellington Tourism entities. In 2015 WREDA acquired 100% ownership of Grow Wellington Limited and indirectly Creative HQ Limited from Greater Wellington Regional Council. As at 30 June 2016 Grow Wellington was fully amalgamated into the operations of WREDA.

Wellington City Council Annual Report 2015/16

**Financial Statements**

**Basis of Consolidation**

**Joint ventures**

Joint ventures are binding contractual arrangements with other parties to jointly control an undertaken activity. The accounting treatment can vary according to the structure of the venture concerned. The two structure types are either a jointly controlled asset or a jointly controlled entity.

For a jointly controlled asset the Council has a liability in respect of its share of joint ventures' operational deficits and liabilities, and shares in any operational surpluses and assets. The Council's proportionate interest (ie 21.5% of the Spicer Valley landfill) in the assets, liabilities, revenue and expenditure is included in the financial statements of the Council and Group on a line-by-line basis.

For a jointly controlled entity the Council chooses to use the equity accounting treatment option available as it better reflects its investment in the joint venture. The investment is initially recognised at cost, and adjusted thereafter for the post-acquisition changes in the Council's share of net assets/equity of the entity. The Council's share of the surplus or deficit of the entity is included in the Group's surplus or deficit on a single line.

**Controlled entities**

Controlled entities are entities that are controlled by the Council. In the Council financial statements, the investment in controlled entities are carried at cost. In the Group financial statements, controlled entities are accounted for using the purchase method where assets, liabilities, revenue and expenditure are added on a line-by-line basis. Where a non-controlling interest is held by another party in a Council controlled entity, the controlled entity is consolidated as if it was fully controlled and the share of any surplus or deficit attributable to the non-controlling interest is disclosed within the Statement of Comprehensive Revenue and Expense.

All significant transactions between Group entities, other than rates, are eliminated on consolidation. Rates are charged on an arm's length basis and are not eliminated to ensure that reported costs and revenues are consistent with the Council's Annual Plan.

**Associates**

Associates are entities where the Council has significant influence over their operating and financial policies but they are not controlled entities or joint ventures. In the Council financial statements, the investments in associates are carried at cost. In the Group financial statements, the Council's share of the assets, liabilities, revenue and expenditure of associates is included on an equity accounting basis as a single line.

**Council Controlled Organisations**

The Council has established several Council Controlled Organisations (CCO's) and Council Controlled Trading Organisations (CCTO's) to help it achieve its goals for Wellington. These organisations were set up to independently manage Council facilities, or deliver specific services and developments on behalf of Wellington residents. Information on these organisations is found across the relevant sections of the Statements of Service Provision. Council has made appointments to other organisations, which make them Council Organisations (as defined in the Local Government Act 2002) but they are not Council controlled or part of the Group.

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**Statement of Comprehensive Revenue and Expense**

For the year ended 30 June 2016

	Note	Council			Group	
		Actual	Budget	Actual	Actual	Actual
		2016	2016	2015	2016	2015
		\$000	\$000	\$000	\$000	\$000
<b>Revenue</b>						
Rates	1	272,127	270,907	253,574	272,127	253,574
Revenue from operating activities						
Development contributions	2	2,747	2,000	2,078	2,747	2,078
Grants, subsidies and reimbursements	2	33,083	42,511	40,826	44,383	53,213
Other operating activities	2	124,926	121,287	121,482	135,235	132,639
Investments revenue	3	23,204	20,135	24,176	11,145	11,257
Vested assets and other revenue	4	13,732	1,050	14,400	13,732	14,400
Fair value gains	5	14,173	4,289	10,515	14,177	10,515
Finance revenue		3,103	13	2,839	3,407	3,213
<b>Total revenue</b>		<b>487,095</b>	<b>462,192</b>	<b>469,890</b>	<b>496,953</b>	<b>480,889</b>
<b>Expense</b>						
Finance expense	6	(24,223)	(22,961)	(23,238)	(24,223)	(23,239)
Expenditure on operating activities	7	(329,583)	(316,333)	(310,335)	(347,721)	(330,454)
Depreciation and amortisation expense	8	(99,183)	(99,797)	(99,009)	(100,970)	(100,024)
Fair value reductions		-	-	(1,766)	-	(1,794)
<b>Total expense</b>		<b>(452,989)</b>	<b>(439,091)</b>	<b>(434,348)</b>	<b>(472,914)</b>	<b>(455,511)</b>
Share of equity accounted surplus/(deficit) from associates and jointly controlled entity	9	-	-	-	12,811	11,612
<b>Net surplus before taxation</b>		<b>34,106</b>	<b>23,101</b>	<b>35,542</b>	<b>36,850</b>	<b>36,990</b>
Income tax credit/(expense)	10	-	-	-	(240)	(609)
<b>NET SURPLUS for the year</b>		<b>34,106</b>	<b>23,101</b>	<b>35,542</b>	<b>36,610</b>	<b>36,381</b>
<b>Net surplus attributable to:</b>						
Wellington City Council and Group		34,106	23,101	35,542	36,610	36,281
Non-controlling interest		-	-	-	-	100
		<b>34,106</b>	<b>23,101</b>	<b>35,542</b>	<b>36,610</b>	<b>36,381</b>

The notes on pages **XX** to **XX** form part of and should be read in conjunction with the financial statements

Financial Statements

**Statement of Comprehensive Revenue and Expense - continued**

For the year ended 30 June 2016

	Refer	Council			Group	
		Actual	Budget	Actual	Actual	Actual
		2016	2016	2015	2016	2015
		\$000	\$000	\$000	\$000	\$000
Net surplus for the year		34,106	23,101	35,542	36,610	36,381
Other comprehensive revenue and expense <sup>1</sup>						
<i>Items that will be reclassified to surplus/(deficit)</i>						
<b>Cash flow hedges:</b>						
Fair value movement - net	SCIE <sup>2</sup>	(21,268)	-	(17,059)	(21,268)	(17,059)
<b>Fair value through other comprehensive revenue and expense</b>						
Fair value movement - net	SCIE	1,542	-	43	1,521	442
<b>Share of other comprehensive revenue and expense of associates and jointly controlled entity:</b>						
Reclassification to share of equity accounted surplus		-	-	-	-	-
<i>Items that will not be reclassified to surplus/(deficit)</i>						
<b>Non-controlling interest:</b>						
Movement in non-controlling interest		-	-	-	(32)	316
<b>Revaluations:</b>						
Fair value movement - property, plant and equipment - net	SCIE	(211)	-	11,168	(211)	11,168
<b>Share of other comprehensive revenue and expense of associates and jointly controlled entity:</b>						
Fair value movement - property, plant and equipment - net	SCIE	-	-	-	-	3,862
Effect of changed shareholding in associates	SCIE	-	-	-	-	27
<b>Total other comprehensive revenue and expense</b>		<b>(19,937)</b>	<b>-</b>	<b>(5,848)</b>	<b>(19,990)</b>	<b>(1,244)</b>
<b>TOTAL COMPREHENSIVE REVENUE and EXPENSE for the year</b>		<b>14,169</b>	<b>23,101</b>	<b>29,694</b>	<b>16,620</b>	<b>35,137</b>
<b>Total comprehensive revenue and expense attributable to:</b>						
Wellington City Council and Group		14,169	23,101	29,694	16,620	35,037
Non-controlling interest		-	-	-	-	100
		<b>14,169</b>	<b>23,101</b>	<b>29,694</b>	<b>16,620</b>	<b>35,137</b>

1. Other comprehensive revenue or expense is non-cash in nature and only reflects changes in equity.
2. Statement of Changes in Equity – see page **XX**

*The notes on pages **XX** to **XX** form part of and should be read in conjunction with the financial statements*

Wellington City Council Annual Report 2015/16

### Statement of Comprehensive Revenue and Expense - Major budget variations

Significant variations from budgeted revenues and expenses are as follows:

Revenues were \$24.903m higher than budgeted primarily due to:

- \$1.225m of rates largely reflecting higher water rates from higher consumption
- \$0.747m more Development Contributions received than budgeted for
- \$3.639m of other operating activities including \$1.694 more from the Wellington Venues project and \$1.271m unbudgeted reimbursement revenue from the Shared Services programme
- \$3.069m of investment revenues including \$1.179m of extra dividends
- \$12.682m of unbudgeted vested assets (\$10.181m) and other revenue (\$1.700m - mainly due to gains on the disposal of assets)
- \$9.884m of non-cash fair value gains arising from higher than budgeted investment property revaluations
- \$3.103m of unbudgeted interest income (see finance expense below)

These higher revenues were offset by \$9.428m of lower than budgeted grants, subsidies and reimbursements primarily reflecting the delayed recognition of capital grants relating to the housing upgrade project.

Expenses were \$13.898m higher than budgeted primarily due to:

- \$1.262m greater finance expense. However, when this is offset by the \$3.103m of unbudgeted finance revenue net interest is under budget by \$1.841m.
- \$13.250m on operating activities largely due to the unbudgeted \$12.006 increase in the provision for weathertight homes liabilities.

These higher expenses were offset by \$0.614m of lower depreciation costs largely due to City Housing valuations (2015) being lower than expected, lower property capital expenditure on Earthquake Resilience, both offsetting accelerated depreciation costs on IT assets due to be phased out in 2016/17.

Financial Statements

**Note 1: Rates revenue**

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
<b>General rates</b>				
Base sector	83,317	73,417	83,317	73,417
Commercial, industrial and business sector	68,315	60,835	68,315	60,835
<b>Targeted rates</b>				
All (excluding water rates by meter)	105,897	106,640	105,897	106,640
<b>Total rates revenue (excluding water rates by meter)</b>	<b>257,529</b>	<b>240,892</b>	<b>257,529</b>	<b>240,892</b>
<b>Water rates by meter revenue</b>	<b>14,598</b>	<b>12,682</b>	<b>14,598</b>	<b>12,682</b>
<b>TOTAL RATES REVENUE</b>	<b>272,127</b>	<b>253,574</b>	<b>272,127</b>	<b>253,574</b>

The total amount of rates charged on Council owned properties that have not been eliminated from revenue and expenditure is \$12.752m (2015: 11.623m). For the Group, rates of \$12.787m (2015: 11.657m) have not been eliminated.

The revenue from rates for Wellington City Council was billed on the following rating information held as at 30 June 2015.

The number of rating units: 77,271 (30 June 2014: 76,680).

	2016	2015
	\$000	\$000
Total capital value of rating units	51,685,784	51,238,236
Total land value of rating units	22,326,668	22,259,307

**Relevant significant accounting policies**

Rates are set annually by resolution from the Council and relate to a particular financial year. All ratepayers are invoiced within the financial year for which the rates have been set. Rates revenue is recognised in full as at the date when rate assessment notices are sent to the ratepayers. Rates are a tax as they are payable under the Local Government Ratings Act 2002 and therefore meet the definition of non-exchange.

Water rates by meter are regulated in the same way as other rates and are taxes that use a specific charging mechanism to collect the rate. However, as the rates charged are primarily based on a per unit of consumption basis, water rates by meter are considered to be more in the nature of an exchange transaction. Revenue from water rates by meter is recognised on an accrual basis based on usage.

**Rates remissions**

Revenue from rates and levies is shown net of rates remissions. The Council's Rates Remission and Postponement Policies provide for general rates to be partially remitted for rural open space; land used principally for games or sport and in special circumstances (where the rating policy is deemed to unfairly disadvantage an individual ratepayer). A remission of the Downtown levy targeted rate may also be granted to provide rates relief for downtown commercial property temporarily not fit for the purpose due to the property undergoing development and therefore not receiving the benefits derived by contributing to the Downtown levy targeted rate. The Council committed itself at the start of the year to certain remissions, which for the reporting period ended 30 June 2016 totalled \$0.407m (2015: \$0.378m).



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**Non-rateable land**

Under the Local Government (Rating) Act 2002 certain properties are non-rateable. This includes schools, churches, public gardens and certain land vested in the Crown. This land is non-rateable in respect of general rates but, where applicable, is rateable in respect of sewerage and water. Non-rateable land does not constitute a remission under the Council's Rates Remission and Postponement Policies.

**Note 2: Revenue from operating activities**

	Council		Group	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
<b>Development contributions</b>	2,747	2,078	2,747	2,078
<b>Grants, subsidies and reimbursements</b>				
Operating	7,107	7,735	17,610	15,872
Capital	25,976	33,091	26,773	37,341
<b>Total grants, subsidies and reimbursements</b>	<b>33,083</b>	<b>40,826</b>	<b>44,383</b>	<b>53,213</b>
<b>Other operating activities</b>				
Fines and penalties	6,968	7,857	6,968	7,857
Rendering of services	111,268	107,709	120,294	117,700
Sale of goods	6,690	5,916	7,973	7,082
<b>Total other operating activities</b>	<b>124,926</b>	<b>121,482</b>	<b>135,235</b>	<b>132,639</b>
<b>TOTAL REVENUE FROM OPERATING ACTIVITIES</b>	<b>160,756</b>	<b>164,386</b>	<b>182,365</b>	<b>187,930</b>

For the Council, the principal grants and reimbursements are from:

- The New Zealand Transport Agency (NZTA), which reimburses part of the Council's costs for maintaining the local roading infrastructure. The capital reimbursements from NZTA of \$12.855m (2015: \$18.089m) and operating reimbursements of \$4.768m (2015: \$5.591m) are for costs already incurred and there are no unfulfilled conditions or other contingencies relating to the reimbursements.
- The Crown, for the upgrade of the Council's social housing stock. The capital grant and operating grant recognised in the current year being, \$11.254m (2015: \$13.388m) and \$1.233m (2015: 1.038m) respectively, are part of a 10 year work programme that commenced in 2008 and the revenue is recognised in accordance with that agreed work programme. There are no unfulfilled conditions or other contingencies relating to this utilised grant revenue apart from the overarching requirement for Council to maintain its investment and provision of social housing until 2037.

For the Group, the additional principal subsidy was \$3.718m (2015: \$6.949m) from Greater Wellington Regional Council to Wellington Cable Car Limited for the maintenance and upgrade of the overhead wire trolley system.

For other operating activities of Council, the principal services rendered (provided) were:

- Community housing - \$21.769m (2015: \$21.438m)
- Parking fees & permits - \$18.597m (2015: \$17.991m)
- Convention and conferences centres - \$15.076m (2015: \$14.931m)
- Building consents and licensing services - \$13.823m (2015: \$13.240m)
- Landfill operations and recycling - \$11.138m (2015: \$10.346m) - including unbudgeted revenue from the joint venture with Porirua City Council \$0.993m (2015: \$1.258m).

**Financial Statements**

**Relevant significant accounting policies**

Revenue from operating activities is generally measured at the fair value of consideration received or receivable.

The Council undertakes various activities as part of its normal operations which generates revenue, but generally at below market prices or at fees and user charges subsidised by rates. The following categories (except where noted) are classified as transfers, which are non-exchange transactions other than taxes.

See Note 13: Receivables and recoverables (page XX), for an explanation of exchange and non-exchange transactions, transfers and taxes.

***Development contributions***

Development contributions are recognised as revenue when the Council provides, or is able to provide, the service for which the contribution was charged. Until such time as the Council provides, or is able to provide the service, development contributions are recognised as liabilities.

***Grants, subsidies and reimbursements***

Grants, subsidies and reimbursements are initially recognised at their fair value where there is reasonable assurance that the monies will be received and all attaching conditions will be complied with. Grants and subsidies received in relation to the provision of services are recognised on a percentage of completion basis. Reimbursements (eg NZ Transport Agency roading claim payments) are recognised upon entitlement, which is when conditions pertaining to eligible expenditure have been fulfilled.

***Fines and penalties***

Revenue from fines and penalties (eg traffic and parking infringements, library overdue book fines, overdue rates penalties) is recognised when infringement notices are issued or when the fines/penalties are otherwise imposed. In particular the fair value of parking related fines is determined based on the probability of collecting fines considering previous collection history and a discount for the time value of money.

***Rendering of services***

Revenue from the rendering of services (eg building consent fees) is recognised by reference to the stage of completion of the transaction, based on the actual service provided as a percentage of the total services to be provided. Under this method, revenue is recognised in the accounting periods in which the services are provided. Some rendering of services are provided at a market rate or on a full cost recovery basis (eg. Parking fees) and these are classified as exchange.

***Sale of goods***

The sale of goods is classified as exchange revenue. Sale of goods is recognised when products are sold to the customer and all risks and rewards of ownership have transferred to the customer

Financial Statements

**Note 3: Investments revenue**

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
Dividend from investment in controlled entities	-	-	-	-
Dividend from investment in associates	12,059	12,950	-	-
Dividend from investment in other entities	120	132	120	132
Investment property lease rentals	11,025	11,094	11,025	11,094
Proceeds from the sale of shares	-	-	-	31
<b>TOTAL INVESTMENT REVENUE</b>	<b>23,204</b>	<b>24,176</b>	<b>11,145</b>	<b>11,257</b>

The primary investment dividend was from Council's 34% holding in Wellington International Airport Limited.

The Council continues to maintain its current level of investment as it considers the dividend stream adds diversity to normal rates revenue. The investment holding is presently maintained as it is strategically, financially and economically prudent to do so.



\* In 2012, the original dividend of \$8.826m was boosted by a one-off special dividend of \$13.600m.

For further information refer to Note 20: Investment in associates and jointly controlled entity (page XX).

The rentals from investment property leases are primarily from ground leases around the CBD and on the waterfront. The Council periodically reviews its continued ownership of investment properties by assessing the benefits against other arrangements that could deliver similar benefits. Any assessment is based on both the strategic benefit of the investment/ownership and in terms of the most financially viable method of achieving the delivery of Council services.

For further information refer to Note 17: Investment properties (page XX).

**Financial Statements**

**Relevant significant accounting policies**

***Dividends***

Dividends from equity investments are recognised when the Council's right to receive payment has been established.

***Investment property lease rentals***

Lease rentals (net of any incentives given) are recognised on a straight line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which benefits derived from the leased asset is diminished

**Note 4: Vested assets and other revenue**

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
Vested assets	10,181	12,368	10,181	12,368
Other revenue	3,551	2,032	3,551	2,032
<b>TOTAL VESTED ASSETS AND OTHER REVENUE</b>	<b>13,732</b>	<b>14,400</b>	<b>13,732</b>	<b>14,400</b>

Vested assets are principally infrastructural assets such as roading, drainage, waste and water assets that have been constructed by developers. As part of the consents process, ownership of these assets is transferred to the Council, and on completion they become part of the city's network. Vested assets are non-cash in nature and represent a future obligation to the Council, as the Council will have the on-going costs associated with maintaining the assets.

The values of principal vested assets received were:

- Roading - \$3.737m (2015: \$2.341m)
- Drainage, waste and water - \$5.982m (2015: \$2.083m).
- Carbon credits - \$0.422m (2015:\$0.392m)

**Relevant significant accounting policies**

***Donated, subsidised or vested assets***

Where a physical asset is acquired for nil or nominal consideration, with no conditions attached, the fair value of the asset received, as determined by active market prices, is recognised as non-exchange revenue when the control of the asset is transferred to the Council.

***Gains***

Gains include additional earnings (ie sale proceeds in excess of the book value) on the disposal of property, plant and equipment.

***Donated services***

The Council benefits from the voluntary service of many Wellingtonians in the delivery of its activities and services (eg beach cleaning and Otari-Wilton's Bush guiding and planting). Due to the difficulty in determining the precise value of these donated services with sufficient reliability, donated services are not recognised in these financial statements.

Financial Statements

**Note 5: Fair value gains**

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
Investment property revaluation	13,773	8,552	13,773	8,552
Amortisation of loans to related parties	400	564	404	564
Derivatives at fair value through surplus or deficit	-	137	-	137
Gain on investment acquisition	-	1,262	-	1,262
<b>TOTAL FAIR VALUE GAINS</b>	<b>14,173</b>	<b>10,515</b>	<b>14,177</b>	<b>10,515</b>

Investment properties, which are revalued annually, are held primarily to earn rental revenue and/or for capital growth. These properties include the Council's ground leases and land and buildings, including the waterfront's investment properties.

The gain on investment acquisition in 2015 relates to the Council's purchase of Grow Wellington Limited, from Greater Wellington Regional Council, which is now fully amalgamated into the Wellington Regional Economic Development Agency Limited.

**Relevant significant accounting policies**

**Gains**

Gains include increases on the revaluation of investment property and in the fair value of financial assets and liabilities.

**Investment properties**

Investment properties are measured initially at cost and subsequently measured at fair value, determined annually by an independent registered valuer. Any gain or loss arising is recognised within surplus or deficit. Investment properties are not depreciated.

**Derivatives**

Movements on derivatives at fair value through surplus or deficit represents the fair value movements on interest rate swaps that do not meet the criteria for hedge accounting. Movements in the Group's other derivatives that meet the criteria for hedge accounting, are taken to the cash flow hedge reserve and have no impact on the net surplus for the year.



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**Note 6: Finance expense**

	Council		Group	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
Interest on borrowings	23,219	22,142	23,219	22,143
Interest on finance leases	14	29	14	29
Re-discounting of interest on provisions	990	1,067	990	1,067
<b>TOTAL FINANCE EXPENSE</b>	<b>24,223</b>	<b>23,238</b>	<b>24,223</b>	<b>23,239</b>
<i>Less</i>				
Finance revenue - interest earned	3,103	2,839	3,407	3,213
<b>NET FINANCE COST</b>	<b>21,120</b>	<b>20,399</b>	<b>20,816</b>	<b>20,026</b>

**Relevant significant accounting policies**

***Interest on borrowings***

Interest expense is recognised using the effective interest rate method. All borrowing costs are expensed in the period in which they are incurred.

***Re-discounting of interest***

Re-discounting of interest on provisions is the Council's funding cost for non-current provisions (where the cash flows will not occur until a future date). For further information refer to Note 24: Employee benefit liabilities and provisions (page XX) and Note 25: Provision for other liabilities (page XX).

***Interest earned***

Interest earned is recognised using the effective interest rate method.



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**Note 7: Expenditure on operating activities**

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
<b>Auditor's remuneration:</b>				
Audit services - Audit New Zealand - Financial Statements	282	277	410	382
Audit services - Audit New Zealand - Long-Term Plan	45	135	45	135
Audit services - Audit New Zealand - other	11	34	11	34
Audit services - Other Auditors	-	-	35	35
<b>Impairments</b>				
Bad debts written off not previously provided for	282	307	282	334
Increase in provision for impairment of receivables and recoverables	437	452	437	452
Impairment loss from property, plant and equipment	132	5,072	581	5,072
Impairment loss on shares	-	-	18	6
<b>Governance and employment</b>				
Elected member remuneration	1,526	1,484	1,526	1,484
Independent directors/trustees fees for controlled entities	-	-	354	406
Employee benefits expense:				
- Remuneration	79,343	79,518	101,994	99,229
- Superannuation contributions (including Kiwisaver)	2,253	2,108	2,767	2,526
- Termination benefits (including severances)	924	641	924	724
Other personnel costs	3,657	3,609	4,362	4,060
<b>Insurance</b>				
Insurance premiums	9,535	10,713	9,936	11,120
Insurance reserve costs - net	545	1,632	545	1,632
<b>General</b>				
Advertising, printing and publications	2,538	2,850	8,686	9,319
Consultants and legal fees	12,506	9,423	13,181	9,577
Contractors	3,083	3,205	5,046	5,269
Direct costs	110,894	109,788	115,651	118,590
Grants - general	18,542	10,910	17,924	11,028
Grants to controlled entities	19,842	17,614	-	-
Information and communication technology	9,273	6,367	10,235	7,230
Loss on disposal of property, plant and equipment	1,827	354	2,174	335
Loss on disposal of intangibles	-	24	-	24
Operating lease - minimum lease payments	1,313	1,311	2,613	2,527
Reassessment of provisions	12,079	1,045	12,079	1,045
Utility costs	19,632	18,899	20,073	19,360
Other general costs	19,082	22,563	15,832	18,519
<b>Total expenditure on operating activities</b>	<b>329,583</b>	<b>310,335</b>	<b>347,721</b>	<b>330,454</b>

**Auditor's remuneration**

During the period Audit New Zealand provided other services to the Council, namely assurance services relating to the Clifton Terrace Carpark managed by the Council on behalf of the New Zealand Transport Agency and specialist assurance advice on shared IT services.

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***Impairments***

The impairment loss from Property, Plant and equipment in 2015 primarily related to the Town Hall due to the building being earthquake prone. Its value in use was calculated as the difference between the expected value of the building after strengthening has been completed and the costs to strengthen it. The impairment amounted to \$4.513m.

***Governance and employment***

Governance costs relate to the remuneration made to all elected members, comprising the Mayor, Councillors and Community Board members and also to directors appointed to boards of Controlled entities.

Employment costs relate to the remuneration paid directly to staff, other employee benefits such as Kiwisaver and other associated costs such as recruitment and training.

For further information refer to Note 37: Remuneration and staffing levels (page **XX**).

***General***

Direct costs are costs directly attributable to the rendering of Council services, including contracts, maintenance, management fees, materials and services.

Grants – general, include \$2.250m (2015: \$2.250m) towards the funding of the Museum of New Zealand, Te Papa Tongarewa.

Grants to controlled entities such as the Wellington Zoo Trust are for operational funding purposes. For details of the funding to these entities refer to Note 36: Related party disclosures (page **XX**).

Operating lease minimum lease payments are for non-cancellable agreements for the use of assets such as buildings and specialised computer equipment.

Reassessment of provisions primarily relates to the Weathertight homes provision. Refer to Note 25: Provisions for Other Liabilities (page **XX**) for more detailed information.

Utility costs are those relating to the use of electricity, gas, and water. It also includes the payment of rates and water meter charges of \$12.824m (2015: \$11.623m) on Council owned properties.

**Relevant significant accounting policies**

***Grants and sponsorships***

Expenditure is classified as a grant or sponsorship if it results in a transfer of resources (eg cash or physical assets) to another entity or individual in return for compliance with certain conditions relating to the operating activities of that entity. It includes any expenditure arising from a funding arrangement with another entity that has been entered into to achieve the objectives of the Council. Grants and sponsorships are distinct from donations which are discretionary or charitable gifts. Where grants and sponsorships are discretionary until payment, the expense is recognised when the payment is made. Otherwise, the expense is recognised when the specified criteria have been fulfilled.

***Cost allocation***

The Council has derived the cost of service for each significant activity (as reported within the Statements of Service Performance). Direct costs are expensed directly to the activity. Indirect costs relate to the overall costs of running the organisation and include staff time, office space and information technology costs. These indirect costs are allocated as overheads across all activities

***Research and Development***

Research costs are expensed as incurred. Development expenditure on individual projects is capitalised and recognised as an asset when it meets the definition and criteria for capitalisation as an asset and it is probable that the Council will receive future economic benefits from the asset. Assets which have finite lives are stated at cost less accumulated amortisation and are amortised on a straight-line basis over their useful lives.

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**Note 8: Depreciation and amortisation**

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
<b>Depreciation</b>				
Buildings	20,348	22,435	20,348	22,435
Civic Centre complex	2,739	2,793	2,739	2,793
Restricted buildings	1,521	1,430	1,521	1,430
Drainage, waste and water infrastructure	27,586	27,248	27,586	27,248
Service concession assets	4,969	4,969	4,969	4,969
Landfill post closure	145	136	145	136
Library collections	2,165	2,092	2,165	2,092
Plant and equipment	11,890	11,712	13,621	12,684
Roading infrastructure	23,341	21,857	23,341	21,857
<b>Total depreciation</b>	<b>94,704</b>	<b>94,672</b>	<b>96,435</b>	<b>95,644</b>
<b>Amortisation</b>				
Computer software	4,479	4,337	4,535	4,380
<b>Total amortisation</b>	<b>4,479</b>	<b>4,337</b>	<b>4,535</b>	<b>4,380</b>
<b>TOTAL DEPRECIATION AND AMORTISATION</b>	<b>99,183</b>	<b>99,009</b>	<b>100,970</b>	<b>100,024</b>

Depreciation (amortisation) is an expense charged each year to reflect the estimated cost of using our assets over their lives. Amortisation relates to 'intangible' assets such as software (as distinct from physical assets, which are covered by the term depreciation).

**Relevant significant accounting policies**

**Depreciation**

Depreciation is provided on all property, plant and equipment, with certain exceptions. The exceptions are land, restricted assets other than buildings, and assets under construction (work in progress). Depreciation is calculated on a straight-line basis, to allocate the cost or value of the asset (less any assessed residual value) over its estimated useful life.

The landfill post closure asset is depreciated over the life of the landfill based on the capacity of the landfill.

**Amortisation**

The amortisation of intangible assets is charged on a straight-line basis over the estimated useful life of the associated assets.

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The estimated useful lives and depreciation rate ranges of the major classes of property, plant and equipment are as follows:

Asset Category	2016	
	Useful Life (years)	Depreciation Rate
Land	unlimited	not depreciated
Buildings	1 - 75	1.33 - 100%
Civic Centre Complex	10 - 78	1.28 - 10%
Plant and equipment	3 - 100	1 - 33.3%
Library collection	3 - 11	9.1 - 33.3%
Restricted assets (excluding buildings)	unlimited	not depreciated
Infrastructure assets:		
Land (including land under roads)	unlimited	not depreciated
Roading	3 - 175	0.57 - 33.3%
Drainage, waste and water	3 - 175	0.57 - 33.3%
Service concession arrangements	3 - 100	1 - 33.3%

The variation in the range of lives for infrastructural assets is due to these assets being managed and depreciated by individual component rather than as a whole asset.

Computer software has a finite economic life and amortisation is charged to surplus or deficit on a straight-line basis over the estimated useful life of the asset. Typically, the estimated useful lives and amortisation rate range of these assets are as follows:

Asset Category	2016	
	Useful Life (years)	Amortisation Rate
Computer software	2 - 10	10 - 50%



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**Note 9: Share of associates' and jointly controlled entity's surplus or deficit**

The Council's share of the results of the Chaffers Marina Holdings Limited, Wellington International Airport Limited and Wellington Water Limited is as follows:

Share of associates' and jointly controlled entity surplus or (deficit)	Group	
	2016 \$000	2015 \$000
<b>Chaffers Marina Holdings Limited</b>		
Share of net surplus/(deficit) before tax	(36)	4
Tax (expense)/credit	-	-
<b>Share of associate's surplus/(deficit) - Chaffers Marina Holdings Limited</b>	<b>(36)</b>	<b>4</b>
<b>Wellington International Airport Limited</b>		
Share of net surplus before tax	12,804	10,764
Tax (expense)/credit	1	424
<b>Share of associate's surplus/(deficit) - Wellington International Airport Limited</b>	<b>12,805</b>	<b>11,188</b>
<b>Wellington Water Limited</b>		
Share of net surplus/(deficit) before tax	42	420
Tax (expense)/credit	-	-
<b>Share of jointly controlled entities surplus/(deficit) - Wellington Water Limited</b>	<b>42</b>	<b>420</b>
<b>Total share of associates' and jointly controlled entity's surplus or (deficit)</b>	<b>12,811</b>	<b>11,612</b>

Further information on the cost and value of the above investments is found in Note 20: Investments in Associates and Jointly Controlled Entity (page XX).

**Relevant significant accounting policies**

Associates are entities where the Council has significant influence over their operating and financial policies but they are not controlled entities or joint ventures. In the Council financial statements, the investments in associates are carried at cost. In the Group financial statements, the Council's share of the assets, liabilities, revenue and expenditure of associates is included on an equity accounting basis as a single line.

For a jointly controlled entity the Council chooses to use the equity accounting treatment option available as it better reflects its investment in the joint venture. The investment is initially recognised at cost, and adjusted thereafter for the post-acquisition changes in the Council's share of net assets/equity of the entity. The Council's share of the surplus or deficit of the entity is included in the Group's surplus or deficit on a single line.

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**Note 10: Income tax expense**

	Council		Group	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
<b>Current tax expense</b>				
Current year	-	-	(216)	221
Prior period adjustment	-	-	-	(1)
<b>Total current tax expense</b>	<b>-</b>	<b>-</b>	<b>(216)</b>	<b>220</b>
<b>Deferred tax expense</b>				
Origination and reversal of temporary differences	(100)	(68)	-	-
Change in unrecognised temporary differences	-	-	456	389
Recognition of previously unrecognised tax losses	100	68	-	-
<b>Total deferred tax expense</b>	<b>-</b>	<b>-</b>	<b>456</b>	<b>389</b>
<b>TOTAL INCOME TAX EXPENSE / (CREDIT)</b>	<b>-</b>	<b>-</b>	<b>240</b>	<b>609</b>
<b>Reconciliation of tax on the surplus and tax expense</b>				
	Council		Group	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
Surplus for the period before taxation	34,106	35,542	36,850	36,990
Prima facie income tax based on domestic tax rate - 28%	9,550	9,952	10,318	10,357
Effect of non-deductible expenses and tax exempt income	(9,590)	(9,978)	(10,720)	(9,873)
Effect of tax losses utilised	100	68	-	-
Current years loss for which no deferred tax asset was recognised	40	25	40	25
Recognition of prior year loss	(100)	(68)	(100)	(68)
Previously unrecognised tax losses now utilised	-	-	(41)	-
Change in unrecognised temporary differences	-	-	738	542
Prior period adjustment	-	-	(205)	-
Share of income tax of equity accounted associates	-	-	211	(375)
<b>TOTAL INCOME TAX EXPENSE / (CREDIT)</b>	<b>-</b>	<b>-</b>	<b>240</b>	<b>609</b>
<b>Imputation credits</b>				
			Group	
			2016 \$000	2015 \$000
Imputation credits available in subsequent periods			87	77

**Relevant significant accounting policies**

Council, as a local authority is only liable for income tax on the surplus or deficit for the year derived from any council controlled trading organisations and comprises current and deferred tax. Other members of the Group are subject to normal taxation unless they have tax exempt status as charitable trusts.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, plus any adjustment to tax payable in respect of previous periods.

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**Statement of Financial Position**

As at 30 June 2016

	Note	Council			Group	
		Actual	Budget	Actual	Actual	Actual
		2016	2016	2015	2016	2015
		\$000	\$000	\$000	\$000	\$000
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents	11	94,009	1,249	65,913	103,623	75,598
Derivative financial assets	12	-	-	-	-	-
Receivables from exchange transactions	13	11,621	10,662	6,611	12,199	7,492
Recoverables from non-exchange transactions	13	34,519	31,671	33,403	35,414	34,964
Other financial assets	14	315	-	150	315	150
Prepayments		11,500	12,096	12,453	11,962	12,987
Inventories		1,101	888	899	1,915	1,849
Non-current assets classified as held for sale	15	1,504	-	1,668	1,504	1,668
<b>Total current assets</b>		<b>154,569</b>	<b>56,566</b>	<b>121,097</b>	<b>166,932</b>	<b>134,708</b>
<b>Non-current assets</b>						
Derivative financial assets	12	-	-	725	-	725
Receivables from exchange transactions	13	4,185	-	-	4,186	-
Other financial assets	14	12,865	10,473	9,403	14,343	10,851
Intangibles	16	26,737	28,936	21,465	26,815	21,568
Investment properties	17	211,237	196,566	201,557	211,237	201,557
Property, plant and equipment	18	6,645,975	6,674,860	6,595,900	6,659,487	6,608,226
Investment in controlled entities	19	5,071	3,809	5,071	-	-
Investment in associates and jointly controlled entity	20	19,465	19,504	19,465	138,419	137,666
<b>Total non-current assets</b>		<b>6,925,535</b>	<b>6,934,148</b>	<b>6,853,586</b>	<b>7,054,487</b>	<b>6,980,593</b>
<b>TOTAL ASSETS</b>		<b>7,080,104</b>	<b>6,990,714</b>	<b>6,974,683</b>	<b>7,221,419</b>	<b>7,115,301</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Derivative financial liabilities	12	522	-	250	522	250
Payables under exchange transactions	21	42,627	59,122	45,429	45,703	49,922
Taxes and transfers payable	21	10,647	-	12,635	11,299	12,817
Revenue in advance	22	43,098	33,496	29,293	45,193	32,791
Borrowings	23	140,075	219,789	164,104	140,075	164,107
Employee benefit liabilities and provisions	24	7,189	6,845	6,306	8,707	7,467
Provision for other liabilities	25	10,953	11,790	15,207	10,953	15,207
<b>Total current liabilities</b>		<b>255,111</b>	<b>331,042</b>	<b>273,224</b>	<b>262,452</b>	<b>282,561</b>
<b>Non-current liabilities</b>						
Derivative financial liabilities	12	38,208	-	17,937	38,208	17,937
Payables under exchange transactions	21	630	630	630	630	630
Borrowings	23	350,409	196,474	269,624	350,409	269,624
Employee benefit liabilities and provisions	24	995	1,708	1,096	1,056	1,157
Provision for other liabilities	25	50,250	23,945	41,840	50,250	41,840
Deferred tax	26	-	-	-	1,482	1,240
<b>Total non-current liabilities</b>		<b>440,492</b>	<b>222,757</b>	<b>331,127</b>	<b>442,035</b>	<b>332,428</b>
<b>TOTAL LIABILITIES</b>		<b>695,603</b>	<b>553,799</b>	<b>604,351</b>	<b>704,487</b>	<b>614,989</b>
<b>EQUITY</b>						
Accumulated funds		1,269,134	1,269,134	1,269,134	1,293,162	1,293,162
Retained earnings		3,756,048	3,725,547	3,722,229	3,745,251	3,709,806
Revaluation reserves	27	1,382,337	1,429,106	1,383,201	1,496,198	1,497,062
Hedging reserve	28	(38,730)	137	(17,462)	(38,730)	(17,462)
Fair value through other comprehensive revenue and expense reserve	29	1,648	63	106	2,026	505
Non-controlling interest		-	-	-	284	316
Restricted funds	30	14,064	12,928	13,124	18,741	16,923
<b>TOTAL EQUITY</b>		<b>6,384,501</b>	<b>6,436,915</b>	<b>6,370,332</b>	<b>6,516,932</b>	<b>6,500,312</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>7,080,104</b>	<b>6,990,714</b>	<b>6,974,683</b>	<b>7,221,419</b>	<b>7,115,301</b>

The notes on pages XX to XX form part of and should be read in conjunction with the financial statements

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**Statement of Financial Position - Major budget variations**

**Significant variations from budget are as follows:**

Current assets are \$98.003m higher than budget primarily due to:

- \$92.760m more cash and cash equivalents held reflecting the near zero cash position used in the budget. Council continues to hold higher levels of investment deposits due to certain favourable interest rates and liquidity requirements
- \$3.807m of higher receivables and recoverables including \$2.6m from asset sales
- \$1.504m of other assets re-classified from non-current to be as held for sale

Non-current assets are \$8.613m lower than budget primarily due to:

- \$28.885m of lower than budgeted property, plant and equipment assets due to lower than budgeted capital expenditure
- \$2.199m of lower intangible assets also due to lower than budgeted capital expenditure.

Offsetting these decreases are the following increases:

- \$4.185m of asset sales not due for payment until 2017/18
- \$1.409m of unrealised value in the investment in the Local Government Funding Agency
- \$14.671m increase in investment property assets with \$13.773m directly from revaluations
- \$1.262m of unbudgeted equity investment value arising from the Wellington Regional Economic Development Agency acquisition of Grow Wellington in 2015/16.

Total liabilities are \$141.804m higher than budget due to:

- \$68.373m of higher borrowings partly due to the unbudgeted land purchases for the Movie Museum and Convention Centre, pre-funding of future debt repayments and other liquidity requirements
- \$38.208m of unbudgeted non-cash derivative financial liabilities
- \$25.099m of unbudgeted provisions largely due to the \$12.006 increase in the weathertight homes provision.

Offsetting these increases are the following decreases:

- \$5.848m fewer payables partly due to timing and
- \$9.602m of extra revenue in advance primarily due to unrecognised capital grant funding associated with the housing upgrade project

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**Note 11: Cash and cash equivalents**

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
Cash at bank	7,986	1,392	13,711	7,622
Cash on hand	23	21	35	34
Short term bank deposits up to 3 months	86,000	64,500	89,877	67,942
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>94,009</b>	<b>65,913</b>	<b>103,623</b>	<b>75,598</b>

Bank balances that are interest bearing earn interest based on current floating bank deposit rates.

Short term deposits are made with a registered bank, with a credit rating of at least A<sup>+</sup>, for varying periods of up to three months depending on the immediate cash requirements and short term borrowings of the Group, and earn interest at the applicable short term deposit rates.

Council holds short term deposits as part of its overall liquidity risk management programme. This programme enables Council to maintain its regular commercial paper programme and to pre-fund upcoming debt maturities. The combination of the commercial paper programme and holding short term deposits reduces Council's cost of funds.

**Note 12: Derivatives**

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
<b>Assets</b>				
<b>Non-current assets</b>				
Interest rate swaps - cash flow hedges	-	725	-	725
<b>Total non-current assets</b>	<b>-</b>	<b>725</b>	<b>-</b>	<b>725</b>
<b>TOTAL DERIVATIVE FINANCIAL INSTRUMENT ASSETS</b>	<b>-</b>	<b>725</b>	<b>-</b>	<b>725</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Interest rate swaps - cash flow hedges	522	250	522	250
<b>Total current liabilities</b>	<b>522</b>	<b>250</b>	<b>522</b>	<b>250</b>
<b>Non-current liabilities</b>				
Interest rate swaps - cash flow hedges	38,208	17,937	38,208	17,937
Interest rate swaps - non-hedged	-	-	-	-
<b>Total non-current liabilities</b>	<b>38,208</b>	<b>17,937</b>	<b>38,208</b>	<b>17,937</b>
<b>TOTAL DERIVATIVE FINANCIAL INSTRUMENT LIABILITIES</b>	<b>38,730</b>	<b>18,187</b>	<b>38,730</b>	<b>18,187</b>

Derivative financial instruments are used by the Group in the normal course of business to hedge exposure to cash flow and fair value interest rate risk. The amounts shown above represent the fair values of these derivative financial instruments. Although these are managed as a portfolio, the Group has no rights to offset assets and liabilities and must present these figures separately.

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Cash flow hedges are used to fix interest rates on floating rate debt (floating rate notes or commercial paper) or bank borrowings. Fair value hedges are used to convert interest rates on some fixed rate debt (bonds) to floating rates.

For further information on the Council's interest rate swaps please refer to Note 28: Hedging Reserve (page XX) and Note 32: Financial instruments (page XX).

**Relevant significant accounting policies**

Derivative financial instruments include interest rate swaps used to hedge exposure to interest rate risk on borrowings. Derivatives are initially recognised at fair value, based on quoted market prices, and subsequently remeasured to fair value at the end of each reporting period. Fair value is determined by reference to quoted prices for similar instruments in active markets. Derivatives that do not qualify for hedge accounting are classified as non-hedged and fair value gains or losses are recognised within surplus or deficit.

Recognition of fair value gains or losses on derivatives that qualify for hedge accounting depends on the nature of the item being hedged. Where a derivative is used to hedge variability of cash flows (cash flow hedge), the effective part of any gain or loss is recognised within other comprehensive revenue and expense while the ineffective part is recognised within surplus or deficit. Gains or losses recognised in other comprehensive revenue and expense transfer to surplus or deficit in the same periods as when the hedged item affects the surplus or deficit.

As per the International Swap Dealers' Association (ISDA) master agreements, all swap payments or receipts are settled net.



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**Note 13: Receivables and recoverables**

Receivables and recoverables	Council		Group	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
<b>Current</b>				
Receivables from exchange transactions	11,621	6,611	12,199	7,492
Recoverables from non-exchange transactions	34,519	33,403	35,414	34,964
<b>Non-Current</b>				
Receivables from exchange transactions	4,185	-	4,186	-
<b>TOTAL RECEIVABLES AND RECOVERABLES - NET</b>	<b>50,325</b>	<b>40,014</b>	<b>51,799</b>	<b>42,456</b>
<b>Receivables from exchange transactions</b>				
Trade receivables - debtors - net	5,890	4,878	5,282	5,065
Accrued income	3,131	1,733	3,131	1,733
Sundry receivables	6,785	-	7,970	694
<b>Total receivables from exchange transactions - net</b>	<b>15,806</b>	<b>6,611</b>	<b>16,383</b>	<b>7,492</b>
<b>Recoverables from non-exchange transactions</b>				
<b>Taxes</b>				
GST recoverable	5,709	6,581	5,622	6,549
Rates recoverable	9,981	10,164	9,981	10,164
<b>Total taxes</b>	<b>15,690</b>	<b>16,745</b>	<b>15,603</b>	<b>16,713</b>
<b>Transfers</b>				
Trade recoverables - debtors - net	7,879	6,373	8,392	8,267
Trade recoverables - fines - net	3,593	3,347	3,593	3,347
<b>Total trade recoverables - net</b>	<b>11,472</b>	<b>9,720</b>	<b>11,985</b>	<b>11,614</b>
<b>Other recoverables</b>				
Accrued income	5,408	5,197	5,408	5,197
Sundry recoverables	1,949	1,741	2,420	1,440
<b>Total other recoverables</b>	<b>7,357</b>	<b>6,938</b>	<b>7,828</b>	<b>6,637</b>
<b>Total transfers</b>	<b>18,829</b>	<b>16,658</b>	<b>19,813</b>	<b>18,251</b>
<b>Total recoverables from non-exchange transactions - net</b>	<b>34,519</b>	<b>33,403</b>	<b>35,416</b>	<b>34,964</b>
<b>TOTAL RECEIVABLES AND RECOVERABLES - NET</b>	<b>50,325</b>	<b>40,014</b>	<b>51,799</b>	<b>42,456</b>

Current trade, rates and sundry receivables and recoverables are non-interest bearing and receipt is generally on 30 day terms, therefore the carrying value approximates their fair value.

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Receivables and recoverables	Council		Group	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
<b>Receivables and recoverables from related parties</b>				
- Controlled entities	380	936	-	-
- Associates and jointly controlled entity	-	15	-	15
<b>Total receivables and recoverables from related parties</b>	<b>380</b>	<b>951</b>	<b>-</b>	<b>15</b>

The movement in the provision for impairment of total receivables and recoverables is analysed as follows:

Provision for impairment of total receivables and recoverables	Council		Group	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
Opening balance	6,030	6,542	6,030	6,542
New provisions made	437	452	437	452
Release of unused provision	(166)	(14)	(166)	(14)
Amount of provision utilised	(118)	(950)	(118)	(950)
<b>Provision for impairment of total receivables and recoverables - closing balance</b>	<b>6,183</b>	<b>6,030</b>	<b>6,183</b>	<b>6,030</b>

The ageing profile of total net receivables and recoverables at the reporting date is as follows:

Council	2016			2015		
	Gross \$000	Impaired \$000	Net \$000	Gross \$000	Impaired \$000	Net \$000
<b>Trade and other receivables and recoverables</b>						
Not past due	31,868	-	31,868	21,864	-	21,864
Past due 0-3 months	9,229	(82)	9,147	8,540	(79)	8,461
Past due 3-6 months	2,538	(38)	2,500	2,859	(47)	2,812
Past due more than 6 months	12,873	(6,063)	6,810	12,781	(5,904)	6,877
<b>TOTAL RECEIVABLES AND RECOVERABLES</b>	<b>56,508</b>	<b>(6,183)</b>	<b>50,325</b>	<b>46,044</b>	<b>(6,030)</b>	<b>40,014</b>
<b>Group</b>						
	Gross \$000	Impaired \$000	Net \$000	Gross \$000	Impaired \$000	Net \$000
<b>Trade and other receivables and recoverables</b>						
Not past due	33,142	-	33,142	24,203	-	24,203
Past due 0-3 months	9,352	(82)	9,270	8,549	(79)	8,470
Past due 3-6 months	2,567	(38)	2,529	2,894	(47)	2,847
Past due more than 6 months	12,921	(6,063)	6,858	12,840	(5,904)	6,936
<b>TOTAL RECEIVABLES AND RECOVERABLES</b>	<b>57,982</b>	<b>(6,183)</b>	<b>51,799</b>	<b>48,486</b>	<b>(6,030)</b>	<b>42,456</b>

The net receivables and recoverables past due for more than six months primarily relates to fines. Due to their nature, the collection pattern for fines is longer than that of trade debtors.



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**Relevant significant accounting policies**

***Receivables from exchange transactions***

Receivables from exchange transactions arise when the Council is owed by another entity or individual for goods or services provided directly by Council and will receive approximately equal value in a willing arm's length transaction (primarily in the form of cash in exchange). Examples of exchange transactions include parking services and metered water rates.

***Recoverables from non-exchange transactions***

Recoverables from non-exchange transactions arise when the Council is owed value from another party without giving approximately equal value directly in exchange for the value received. Most of the goods or services that Council provide are subsidised by rates revenue and therefore the exchange is unequal. Examples of non-exchange transactions include social housing rentals, parking fines and recreational centre activities.

Non-exchange transactions are comprised of either taxes or transfers. Transfers also include grants that do not have specific conditions attached which require return of the grant for non-performance.

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As Council satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction

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**Note 14: Other financial assets**

	Council		Group	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
Represented by:				
Current	315	150	315	150
Non-current	12,865	9,403	14,343	10,851
<b>Total other financial assets</b>	<b>13,180</b>	<b>9,553</b>	<b>14,658</b>	<b>11,001</b>
Comprised of:				
<b>Financial assets at fair value through other comprehensive revenue and expense</b>				
Equity investments:				
- Civic Assurance	766	633	766	633
- NZ Local Government Funding Agency (LGFA)	3,275	1,866	3,275	1,866
- Creative HQ incubator/accelerator shareholdings	-	-	1,427	1,401
<b>Loans and deposits</b>				
Bank deposits - term greater than 3 months	-	-	-	-
LGFA - borrower notes	3,728	2,208	3,728	2,208
Loans to related parties - other organisations	5,096	4,696	5,096	4,696
Loans to external organisations	315	150	366	197
<b>TOTAL OTHER FINANCIAL ASSETS</b>	<b>13,180</b>	<b>9,553</b>	<b>14,658</b>	<b>11,001</b>

**Equity investments**

Civic Assurance is the trading name of New Zealand Local Government Insurance Corporation Limited, which provides insurance products and other financial services principally to local authorities. The Council holds a 4.78% (2015: 4.78%) shareholding in this entity with no present intention to sell.

The New Zealand Local Government Funding Agency Limited (LGFA), which commenced in December 2011 is an alternative debt provider majority owned by and operated for local authorities. The Council holds an 8% shareholding of the paid-up capital and as a shareholder will benefit from a return on its investment and as a borrower from lower borrowing costs. The LGFA has an AA+ (domestic long term) credit rating from Standard and Poors.

Creative HQ, a controlled entity of Wellington Regional Economic Development Agency Limited (WREDA), has small shareholdings in various incubator and accelerator programme companies. These shares are held until the companies mature or cease operations.

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**Loans**

The loans to related parties are concessionary in nature, since the loans have been granted on interest free terms. The movements in the loans are as follows:

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
<b>Loans to related parties - other organisations</b>				
<i>Wellington Regional Stadium Trust</i> <i>(nominal value \$15,394,893)</i>				
Opening balance	21	1,586	21	1,586
Amortisation of fair value adjustment	3	201	3	201
Movement in fair value	-	(1,766)	-	(1,766)
<b>Closing balance at fair value</b>	<b>24</b>	<b>21</b>	<b>24</b>	<b>21</b>
<i>Karori Wildlife Sanctuary Trust</i> <i>(nominal value \$10,346,689)</i>				
Opening balance	4,675	4,312	4,675	4,312
Amortisation of fair value adjustment	397	363	397	363
<b>Closing balance at fair value</b>	<b>5,072</b>	<b>4,675</b>	<b>5,072</b>	<b>4,675</b>
<b>Loans to other external organisations</b>				
Opening balance	150	150	197	150
New loan advances	442	-	442	75
Loan repayments received	(9)	-	(9)	-
Loan forgiveness	(118)	-	(118)	-
Loan write-off	(150)	-	(150)	-
Amortisation of fair value adjustment	-	-	4	-
Movement in fair value	-	-	-	(28)
<b>Closing balance at fair value</b>	<b>315</b>	<b>150</b>	<b>366</b>	<b>197</b>
<b>TOTAL LOANS</b>	<b>5,411</b>	<b>4,846</b>	<b>5,462</b>	<b>4,893</b>

The fair value movement on loans reflects the timing of their expected repayments and the interest free nature of the loan. Over the remaining life of the loans their fair value will be amortised back up to their full nominal value.

The amortisation rate applicable to the Wellington Regional Stadium Trust loan is 12.710%. Following notification from the Westpac Stadium Trust in 2015, the expected repayment terms of the loan by the Trust back to the Council was extended to 2070. The fair value of the loan was reduced accordingly.

During the adoption of the 2016/17 Annual Plan the Council agreed to the purchase of the Zealandia visitor centre building. Following this purchase, the Council loan to the Karori Wildlife Sanctuary Trust will be fully repaid. As the arrangement is not binding as at the end of the reporting period no adjustment has been made to the current/non-current classification of the loan.

Loans to other external organisations are generally suspensory loan arrangements associated with economic development grants provided by Council to achieve defined outcomes. The loans are repayable in the event that the economic development outcomes agreed in providing the grant are not delivered. As agreed outcomes for the grants are met the loans are reduced accordingly.

Further information on the related parties is disclosed in Note 36: Related party disclosures.

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**Note 15: Non-current assets held for sale**

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
Opening balance	1,668	1,367	1,668	1,367
Disposals	(949)	(1,041)	(949)	(1,041)
Transfers from property, plant and equipment	1,504	1,668	1,504	1,668
Transfers to property, plant and equipment	(719)	(326)	(719)	(326)
<b>TOTAL NON-CURRENT ASSETS HELD FOR SALE</b>	<b>1,504</b>	<b>1,668</b>	<b>1,504</b>	<b>1,668</b>

**Relevant significant accounting policies**

Non-current assets held for sale are valued at the lower of the carrying amount and fair value less costs to sell at the time of reclassification.

Non-current assets held for sale are separately classified as their carrying amount will be recovered through a sale transaction rather than through continuing use. A non-current asset is classified as held for sale where:

- the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets;
  - a plan to sell the asset is in place and an active programme to locate a buyer has been initiated;
  - the asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value;
  - the sale is expected to occur within one year or beyond one year where a delay has occurred which is caused by events beyond the Group's control and there is sufficient evidence the Group remains committed to sell the asset; and
  - actions required to complete the sale indicate it is unlikely that significant changes to the plan will be made or the plan will be withdrawn.
- A non-current asset classified as held for sale is recognised at the lower of its carrying amount or fair value less costs to sell. Impairment losses on initial classification are included within surplus or deficit.

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**Note 16: Intangibles**

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
<b>Computer software</b>				
Cost - opening balance	49,256	39,849	49,965	40,491
Accumulated amortisation	(39,537)	(32,995)	(40,143)	(33,567)
Computer software opening balance	9,719	6,854	9,822	6,924
Acquired by direct purchase	17,445	6,774	17,476	6,859
Amortisation	(4,479)	(4,337)	(4,535)	(4,380)
Net disposals	-	(39)	-	(48)
Transfer from property, plant and equipment	-	467	-	467
<b>Total computer software - closing balance</b>	<b>22,685</b>	<b>9,719</b>	<b>22,763</b>	<b>9,822</b>
Cost	66,989	49,256	67,730	49,965
Accumulated amortisation	(44,304)	(39,537)	(44,967)	(40,143)
<b>Total computer software - closing balance</b>	<b>22,685</b>	<b>9,719</b>	<b>22,763</b>	<b>9,822</b>
<b>Work in progress</b>				
Computer software	2,261	10,435	2,261	10,435
<b>Total work in progress</b>	<b>2,261</b>	<b>10,435</b>	<b>2,261</b>	<b>10,435</b>
<b>Carbon credits</b>				
Cost - Opening Balance	1,311	575	1,311	575
Additions	672	768	672	768
Net disposals	(192)	(32)	(192)	(32)
<b>Total Carbon credits - closing balance</b>	<b>1,791</b>	<b>1,311</b>	<b>1,791</b>	<b>1,311</b>
<b>TOTAL INTANGIBLES</b>	<b>26,737</b>	<b>21,465</b>	<b>26,815</b>	<b>21,568</b>

Disposals and transfers are reported net of accumulated amortisation.

The decrease in work in progress for computer software reflects the ongoing realisation of Council's commitment to enhancing its technological capabilities across a number of platforms. Council has embarked on replacing its core applications, a new electronic document records management system and a new asset management information system for its infrastructure assets.

**Carbon credits**

As part of the Emissions Trading Scheme (ETS) the Council received carbon credits from Central Government in recognition of the carbon absorbed by a portion of the Council's green belt. For the year ending 30 June 2016 the Council received 37,954 credits (2015: 74,643). The Council purchased 25,641 credits (2015: 67,874) in the market to cover the expected liabilities associated with landfill operations. During the year 34,078 credits (2015: 32,445) were surrendered to meet the Council's ETS obligations for the 2015 calendar year. At 30 June 2016 the total number of credits held is 357,589 (2015: 328,072).

At 30 June 2016 the liability relating to landfill carbon emissions is \$0.765m (2015: \$0.161m).

More information on carbon credits can be found in the Statements of Service Provision under activity 2.2: Waste reduction and energy conservation (page XX).

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**Relevant significant accounting policies**

**Computer software**

Acquired computer software is measured on initial recognition at the costs to acquire and bring to use and subsequently less any amortisation and impairment losses.

Typically, the estimated useful lives and amortisation rate range of these assets are as follows:

Asset Category	2016	
	Useful Life (years)	Amortisation Rate
Computer software	2 - 10	10 - 50%

**Carbon Credits**

Carbon credits comprise either allocations of emission allowances granted by the Government related to forestry assets or units purchased in the market to cover liabilities associated with landfill operations. Carbon credits allocated as a non-exchange transaction are initially recognised at fair value, which then becomes the deemed cost. Carbon credits that are purchased are recognised at cost.

Gains and losses arising from disposal of intangible assets are recognised within surplus or deficit in the period in which the transaction occurs. Intangible assets are reviewed at least annually to determine if there is any indication of impairment. Where an intangible asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. Losses resulting from impairment are reported within surplus or deficit.



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**Note 17: Investment properties**

	Council		Group	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
Opening balance	201,557	192,901	201,557	192,901
Additions by acquisition	1,862	10	1,862	10
Additions by subsequent expenditure	-	-	-	-
Disposals	(5,955)	-	(5,955)	-
Fair value revaluation movements taken to surplus/(deficit)	13,773	8,552	13,773	8,552
Transfer from property, plant and equipment	-	94	-	94
<b>TOTAL INVESTMENT PROPERTIES</b>	<b>211,237</b>	<b>201,557</b>	<b>211,237</b>	<b>201,557</b>

Wellington City Council's investment properties including the waterfront investment properties were valued as at 30 June 2016 by an independent valuer, William Bunt (FNZIV, FPINZ), registered valuer and Director of Valuation Services for CBRE Limited.

The Council's total investment properties comprise ground leases of \$168.753m (2015: \$160.058m) and land and buildings of \$42.215m (2015: \$41.499m) held for investment purposes.

Investment properties are properties which are held primarily to earn rental revenue and/or for capital growth. These properties include the Council's ground leases and certain land and buildings.

Ground leases are parcels of land owned by the Council in the central city or on the waterfront that are leased to other parties who own the buildings situated on the land. The leases are generally based on 21-year perpetually renewable terms. As these parcels of land are held for investment purposes the rentals are charged on a commercial market basis.

Investment properties exclude those properties held for strategic purposes or to provide a social service. This includes properties which generate cash inflows as the rental revenue is incidental to the purpose for holding the property. Such properties include the Council's social housing assets, which are held within operational assets in property, plant and equipment.

**Relevant significant accounting policies**

The basis of valuation varies depending on the nature of the lease. For sites that are subject to a terminating lease the approach is to assess the value of the rental revenue over the remaining term of the lease and add the residual value of the land at lease expiry. For sites subject to perpetually renewable leases values have been assessed utilising a discounted cash flow and arriving at a net present value of all future anticipated gross rental payments.

Borrowing costs incurred during the construction of investment property are not capitalised.

Investment properties are measured initially at cost and subsequently measured at fair value, determined annually by an independent registered valuer. Any gain or loss arising is recognised within surplus or deficit. Investment properties are not depreciated.

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**Note 18: Property, plant and equipment**

Summary	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
Property, plant and equipment - Opening balance	6,595,900	6,536,012	6,608,226	6,547,197
Additions	166,311	142,128	169,524	142,292
Disposals	(1,515)	(672)	(1,849)	(862)
Depreciation expense	(94,704)	(94,672)	(96,436)	(95,644)
Impairment losses	(133)	(5,072)	(582)	(5,072)
Revaluation movement	(211)	11,168	(211)	11,168
Transfer to non-current assets held for sale	(1,504)	(1,668)	(1,504)	(1,668)
Transfer from non-current assets held for sale	719	326	719	326
Transfer to intangibles	-	(467)	-	(467)
Transfer to investment properties	-	(94)	-	(94)
Movement in work in progress	(18,888)	8,911	(18,400)	10,789
Acquisition of controlled entity	-	-	-	261
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<b>6,645,975</b>	<b>6,595,900</b>	<b>6,659,487</b>	<b>6,608,226</b>

**Relevant significant accounting policies**

Property, plant and equipment consists of operational assets, restricted assets and infrastructure assets.

Operational assets include land, the landfill post-closure asset, buildings, the Civic Centre complex, the library collection, and plant and equipment.

Restricted assets include art and cultural assets, zoo animals, restricted buildings, parks and reserves and the Town Belt. These assets provide a benefit or service to the community and in most cases cannot be disposed of because of legal or other restrictions (for example, land declared as a reserve under the Reserves Act 1977.) The use of the asset may also be restricted such as the donated Basin Reserve land which must be retained for the purposes of providing a cricket and recreation ground with no permitted thoroughfare.

Infrastructure assets include the roading network, water, waste and drainage reticulation networks, service concession arrangement assets and infrastructure land (including land under roads). Each asset type includes all items that are required for the network to function.

Vested assets are those assets where ownership and control is transferred to the Council from a third party (eg infrastructure assets constructed by developers and transferred to the Council on completion of a subdivision). Vested assets are recognised within their respective asset classes as above.

Heritage assets are tangible assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture. The Council and Group recognises these assets within these financial statements to the extent their value can be reliably measured.

**Recognition**

Expenditure is capitalised as property, plant and equipment when it creates a new asset or increases the economic benefits of an existing asset. Costs that do not meet the criteria for capitalisation are expensed.

**Measurement**

Property, plant and equipment is recognised initially at cost, unless acquired for nil or nominal cost (eg vested assets), in which case the asset is recognised at fair value at the date of transfer. The initial cost of property, plant and equipment includes the purchase consideration (or the fair value in the case of vested assets), and those costs that are directly attributable to bringing the asset into the location and condition necessary for its intended purpose. Subsequent expenditure that extends or expands the asset's service potential is capitalised.

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Borrowing costs incurred during the construction of property, plant and equipment are not capitalised.

After initial recognition, certain classes of property, plant and equipment are revalued to fair value. Where there is no active market for an asset, fair value is determined by optimised depreciated replacement cost.

Optimised depreciated replacement cost is a valuation methodology where the value of an asset is based on the cost of replacement with an efficient modern equivalent making allowance for obsolescence or surplus capacity. The remaining life of the asset is estimated and straight line depreciation applied to bring the replacement cost to a fair value.

Specific measurement policies for categories of property, plant and equipment are shown below:

***Library Collections***

Library collections are valued at depreciated replacement cost on a three-year cycle by the Council's library staff in accordance with guidelines outlined in *Valuation Guidance for Cultural and Heritage Assets*, published by the Treasury Accounting Team, November 2002.

***Operational Land & Buildings***

Operational land and buildings are valued at fair value on a regular basis or, whenever the carrying amount differs materially to fair value, by independent registered valuers. Where the information is available land and buildings are valued based on market evidence. The majority of Council's land and buildings are of a 'non-tradeable' or specialist nature and the value is based on the fair value of the land plus the optimised depreciated replacement cost of the buildings.

For earthquake prone buildings that are expected to be strengthened, the estimated cost to strengthen the building has been deducted from the optimised depreciated replacement cost.

Buildings that comprise the Social Housing portfolio have been valued on market based approach with the associated land value being established through analysis of sales and market evidence.

***Restricted assets***

Art and cultural assets (artworks, sculptures and statues) are valued at historical cost. Zoo animals are stated at estimated replacement cost. All other restricted assets (buildings, parks and reserves and the Town Belt) were valued at fair value as at 30 June 2005 by independent registered valuers. The Council has elected to use the fair value of other restricted assets at 30 June 2005 as the deemed cost of the assets. These assets are no longer revalued. Subsequent additions have been recorded at cost.

***Infrastructure assets***

Infrastructure assets (the roading network, water, waste and drainage reticulation networks and service concession arrangement assets) are valued at optimised depreciated replacement cost on a regular basis or, whenever the carrying amount differs materially to fair value, by independent registered valuers. Infrastructure valuations are based on the physical attributes of the assets, their condition and their remaining lives based on Council's best information reflected in its assets management plans. The costs are based on current quotes from actual suppliers. As such, they include ancillary costs such as breaking through seal, traffic control and rehabilitation. Between valuations, expenditure on asset improvements is capitalised at cost.

Infrastructure land (excluding land under roads) is valued on a regular basis or, whenever the carrying amount differs materially to fair value, by independent registered valuers

Land under roads, which represents the corridor of land directly under and adjacent to the Council's roading network, was valued as at 30 June 2005 at the average value of surrounding adjacent land discounted by 50% to reflect its restricted nature. The Council elected to use the fair value of land under roads at 30 June 2005 as the deemed cost of the asset. Land under roads is no longer revalued. Subsequent additions have been recorded at cost.

The carrying values of revalued property, plant and equipment are reviewed at the end of each reporting period to ensure that those values are not materially different to fair value.

***Other Assets***

Plant and equipment and the Civic Centre complex are measured at historical cost and not revalued.

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***Impairment***

The Council's assets are defined as cash generating if the primary purpose of the asset is to provide a commercial return. Non-cash generating assets are assets other than cash generating assets. Property, plant and equipment assets, measured at fair value, are not required to be reviewed and tested for impairment.

The carrying amounts of cash generating property, plant and equipment assets are reviewed at least annually to determine if there is any indication of impairment. Where an asset's, or class of assets', recoverable amount is less than its carrying amount it will be reported at its recoverable amount and an impairment loss will be recognised. The recoverable amount is the higher of an item's fair value less costs to sell and value in use. Losses resulting from impairment are reported within surplus or deficit, unless the asset is carried at a revalued amount in which case any impairment loss is treated as a revaluation decrease and recorded within other comprehensive revenue and expense.

The carrying amounts of non-cash generating property, plant and equipment assets are reviewed at least annually to determine if there is any indication of impairment. Where an asset's, or class of assets', recoverable service amount is less than its carrying amount it will be reported at its recoverable service amount and an impairment loss will be recognised. The recoverable service amount is the higher of an item's fair value less costs to sell and value in use. A non-cash generating asset's value in use is the present value of the asset's remaining service potential. Losses resulting from impairment are reported within surplus or deficit, unless the asset is carried at a revalued amount in which case any impairment loss is treated as a revaluation decrease and recorded within other comprehensive revenue and expense.

***Disposal***

Gains and losses arising from the disposal of property, plant and equipment are recognised within surplus or deficit in the period in which the transaction occurs. Any balance attributable to the disposed asset in the asset revaluation reserve is transferred to retained earnings.

***Work in progress***

The cost of projects within work in progress is transferred to the relevant asset class when the project is completed and then depreciated.



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The movements according to the individual classes of assets are as follows:

	Council		Group	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
<b>Operational assets</b>				
<b>Land</b>				
Land - at cost - opening balance	-	-	-	-
Land - at valuation - opening balance	222,908	213,082	222,908	213,082
<b>Total land - opening balance</b>	<b>222,908</b>	<b>213,082</b>	<b>222,908</b>	<b>213,082</b>
Additions	21,741	1,322	21,741	1,322
Disposals	(1)	-	(1)	-
Revaluation movement	-	10,837	-	10,837
Transfer between asset classes	-	(1,680)	-	(1,680)
Transfer to non-current assets held for sale	-	(559)	-	(559)
Transfer to investment property	-	(94)	-	(94)
<b>Total land - closing balance</b>	<b>244,648</b>	<b>222,908</b>	<b>244,648</b>	<b>222,908</b>
Land - at cost - closing balance	21,741	-	21,741	-
Land - at valuation - closing balance	222,907	222,908	222,907	222,908
<b>Total land - closing balance</b>	<b>244,648</b>	<b>222,908</b>	<b>244,648</b>	<b>222,908</b>
<b>Buildings</b>				
Buildings - at cost - opening balance	-	69,409	-	69,409
Buildings - at valuation - opening balance	556,025	539,236	556,025	539,236
<b>Total cost/valuation</b>	<b>556,025</b>	<b>608,645</b>	<b>556,025</b>	<b>608,645</b>
Accumulated depreciation	-	(33,854)	-	(33,854)
<b>Total buildings - opening balance</b>	<b>556,025</b>	<b>574,791</b>	<b>556,025</b>	<b>574,791</b>
Additions	26,380	66,705	26,380	66,705
Depreciation expense	(20,348)	(22,435)	(20,348)	(22,435)
Disposals	(1,017)	(16)	(1,017)	(16)
Impairment	-	-	-	-
Revaluation adjustment	(211)	331	(211)	331
Transfer between asset classes	1,680	(63,351)	1,680	(63,351)
Transfer from investment properties	-	-	-	-
<b>Total buildings - closing balance</b>	<b>562,509</b>	<b>556,025</b>	<b>562,509</b>	<b>556,025</b>
Buildings - at cost - closing balance	25,906	-	25,906	-
Buildings - at valuation - closing balance	556,802	556,025	556,802	556,025
<b>Total cost/valuation</b>	<b>582,708</b>	<b>556,025</b>	<b>582,708</b>	<b>556,025</b>
Accumulated depreciation	(20,199)	-	(20,199)	-
<b>Total buildings - closing balance</b>	<b>562,509</b>	<b>556,025</b>	<b>562,509</b>	<b>556,025</b>
<b>Landfill post closure costs <sup>1</sup></b>				
Landfill post closure - at cost - opening balance	3,040	3,643	3,040	3,643
Accumulated depreciation	(2,437)	(2,301)	(2,437)	(2,301)
<b>Total landfill post closure costs - opening balance</b>	<b>603</b>	<b>1,342</b>	<b>603</b>	<b>1,342</b>
Depreciation expense	(145)	(136)	(145)	(136)
Transfer between asset classes	-	1	-	1
Movement in post closure costs	474	(604)	474	(604)
<b>Total landfill post closure costs - closing balance</b>	<b>932</b>	<b>603</b>	<b>932</b>	<b>603</b>
Landfill post closure - at cost - closing balance	3,265	3,040	3,265	3,040
Accumulated depreciation	(2,333)	(2,437)	(2,333)	(2,437)
<b>Total landfill post closure costs - closing balance</b>	<b>932</b>	<b>603</b>	<b>932</b>	<b>603</b>

1. The Council's share of the joint venture with Porirua City Council relating to the Spicer Valley Landfill is included in this asset class.

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	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
<b>Civic Centre complex</b>				
Civic Centre complex - at cost - opening balance	176,562	173,817	176,562	173,817
Accumulated depreciation	(60,954)	(58,165)	(60,954)	(58,165)
<b>Total Civic Centre complex - opening balance</b>	<b>115,608</b>	<b>115,652</b>	<b>115,608</b>	<b>115,652</b>
Additions	2,387	7,239	2,387	7,239
Disposals	-	-	-	-
Depreciation expense	(2,739)	(2,793)	(2,739)	(2,793)
Impairment	-	(4,513)	-	(4,513)
Transfer between asset classes	(1,680)	23	(1,680)	23
Transfer to non-current assets held for sale	(1,054)	-	(1,054)	-
<b>Total Civic Centre complex - closing balance</b>	<b>112,522</b>	<b>115,608</b>	<b>112,522</b>	<b>115,608</b>
Civic Centre complex - at cost - closing balance	173,965	176,562	173,965	176,562
Accumulated depreciation	(61,443)	(60,954)	(61,443)	(60,954)
<b>Total Civic Centre complex - closing balance</b>	<b>112,522</b>	<b>115,608</b>	<b>112,522</b>	<b>115,608</b>
<b>Plant and equipment</b>				
Plant and equipment - at cost - opening balance	213,057	166,755	225,843	179,310
Accumulated depreciation	(92,456)	(84,860)	(99,817)	(91,250)
<b>Total plant and equipment - opening balance</b>	<b>120,601</b>	<b>81,895</b>	<b>126,026</b>	<b>88,060</b>
Additions	7,049	6,865	10,262	7,026
Depreciation expense	(11,890)	(11,712)	(13,622)	(12,684)
Disposals	(239)	(352)	(573)	(542)
Impairment	(133)	-	(582)	-
Transfer between asset classes	-	44,372	-	44,372
Transfer to intangibles	-	(467)	-	(467)
Acquisition of controlled entity	-	-	-	261
<b>Total plant and equipment - closing balance</b>	<b>115,388</b>	<b>120,601</b>	<b>121,511</b>	<b>126,026</b>
Plant and equipment - at cost	216,102	213,057	231,319	225,843
Accumulated depreciation	(100,714)	(92,456)	(109,808)	(99,817)
<b>Total plant and equipment - closing balance</b>	<b>115,388</b>	<b>120,601</b>	<b>121,511</b>	<b>126,026</b>
<b>Library collections</b>				
Library collections - at cost - opening balance	1,664	-	1,664	-
Library collections - at valuation - opening balance	14,817	14,812	14,817	14,812
<b>Total cost/valuation</b>	<b>16,481</b>	<b>14,812</b>	<b>16,481</b>	<b>14,812</b>
Accumulated depreciation	(2,096)	-	(2,096)	-
<b>Total library collections - opening balance</b>	<b>14,385</b>	<b>14,812</b>	<b>14,385</b>	<b>14,812</b>
Additions	1,887	1,665	1,887	1,665
Depreciation expense	(2,165)	(2,092)	(2,165)	(2,092)
<b>Total library collections - closing balance</b>	<b>14,107</b>	<b>14,385</b>	<b>14,107</b>	<b>14,385</b>
Library collections - at cost - closing balance	3,545	1,664	3,545	1,664
Library collections - at valuation - closing balance	14,818	14,817	14,818	14,817
<b>Total cost/valuation</b>	<b>18,363</b>	<b>16,481</b>	<b>18,363</b>	<b>16,481</b>
Accumulated depreciation	(4,256)	(2,096)	(4,256)	(2,096)
<b>Total library collections - closing balance</b>	<b>14,107</b>	<b>14,385</b>	<b>14,107</b>	<b>14,385</b>
<b>Total operational assets</b>	<b>1,050,106</b>	<b>1,030,130</b>	<b>1,056,229</b>	<b>1,035,555</b>

*Disposals and transfers are reported net of accumulated depreciation.*



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	Council		Group	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
<b>Infrastructure assets</b>				
<b>Drainage, waste and water</b>				
Drainage, waste and water - at cost - opening balance	25,215	-	25,215	-
Drainage, waste and water - at valuation - opening balance	1,196,804	1,177,524	1,196,804	1,177,524
Total cost/valuation	1,222,019	1,177,524	1,222,019	1,177,524
Accumulated depreciation	(26,877)	-	(26,877)	-
Total drainage, water and waste - opening balance	1,195,142	1,177,524	1,195,142	1,177,524
Additions	39,538	25,235	39,538	25,235
Depreciation expense	(27,586)	(27,248)	(27,586)	(27,248)
Transfer between asset classes	(4)	19,631	(4)	19,631
<b>Total drainage, water and waste - closing balance</b>	<b>1,207,090</b>	<b>1,195,142</b>	<b>1,207,090</b>	<b>1,195,142</b>
Drainage, waste and water - at cost - closing balance	63,847	25,215	63,847	25,215
Drainage, waste and water - at valuation - closing balance	1,197,319	1,196,804	1,197,319	1,196,804
Total cost/valuation	1,261,166	1,222,019	1,261,166	1,222,019
Accumulated depreciation	(54,076)	(26,877)	(54,076)	(26,877)
<b>Total drainage, water and waste - closing balance</b>	<b>1,207,090</b>	<b>1,195,142</b>	<b>1,207,090</b>	<b>1,195,142</b>
<b>Roading</b>				
Roading - at cost - opening balance	29,927	-	29,927	-
Roading - at valuation - opening balance	824,103	824,096	826,703	826,696
Total cost/valuation	854,030	824,096	856,630	826,696
Accumulated depreciation	(21,857)	-	(21,857)	-
Total roading - opening balance	832,173	824,096	834,773	826,696
Additions	58,732	29,927	58,732	29,927
Depreciation expense	(23,341)	(21,857)	(23,341)	(21,857)
Transfer between asset classes	537	7	537	7
<b>Total roading - closing balance</b>	<b>868,101</b>	<b>832,173</b>	<b>870,701</b>	<b>834,773</b>
Roading - at cost - closing balance	88,659	29,927	88,659	29,927
Roading - at valuation - closing balance	824,639	824,103	827,239	826,703
Total cost/valuation	913,298	854,030	915,898	856,630
Accumulated depreciation	(45,197)	(21,857)	(45,197)	(21,857)
<b>Total roading - closing balance</b>	<b>868,101</b>	<b>832,173</b>	<b>870,701</b>	<b>834,773</b>
<b>Service concession assets</b>				
Service concession assets - at cost - opening balance	-	-	-	-
Service concession assets - at valuation - opening balance	154,767	154,767	154,767	154,767
Total cost/valuation	154,767	154,767	154,767	154,767
Accumulated depreciation	(4,969)	-	(4,969)	-
Total service concession assets - opening balance	149,798	154,767	149,798	154,767
Additions	-	-	-	-
Depreciation expense	(4,969)	(4,969)	(4,969)	(4,969)
<b>Total service concession assets - closing balance</b>	<b>144,829</b>	<b>149,798</b>	<b>144,829</b>	<b>149,798</b>
Service concession assets - at cost - closing balance	-	-	-	-
Service concession assets - at valuation - closing balance	154,767	154,767	154,767	154,767
Total cost/valuation	154,767	154,767	154,767	154,767
Accumulated depreciation	(9,938)	(4,969)	(9,938)	(4,969)
<b>Total service concession assets - closing balance</b>	<b>144,829</b>	<b>149,798</b>	<b>144,829</b>	<b>149,798</b>

*Disposals and transfers are reported net of accumulated depreciation.*

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	Council		Group	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
<b>Infrastructure land</b>				
Infrastructure land - at cost - opening balance	192	-	192	-
Infrastructure land - at valuation - opening balance	35,818	38,007	35,818	38,007
<b>Total infrastructure land - opening balance</b>	<b>36,010</b>	<b>38,007</b>	<b>36,010</b>	<b>38,007</b>
Additions	3,208	512	3,208	512
Transfer between asset classes	-	(2,189)	-	(2,189)
Transfer from non-current assets held for sale	320	-	320	-
Transfer to non-current assets held for sale	-	(320)	-	(320)
<b>Total infrastructure land - closing balance</b>	<b>39,538</b>	<b>36,010</b>	<b>39,538</b>	<b>36,010</b>
Infrastructure land - at cost - closing balance	3,720	192	3,720	192
Infrastructure land - at valuation - closing balance	35,818	35,818	35,818	35,818
<b>Total infrastructure land - closing balance</b>	<b>39,538</b>	<b>36,010</b>	<b>39,538</b>	<b>36,010</b>
<b>Land under roads</b>				
Land under roads - at cost - opening balance	2,950,197	2,947,969	2,950,197	2,947,969
Additions	224	891	224	891
Disposals	(258)	(304)	(258)	(304)
Transfer between asset classes	-	2,389	-	2,389
Transfer from non-current assets held for sale	358	-	358	-
Transfer to non-current assets held for sale	(377)	(748)	(377)	(748)
<b>Land under roads - closing balance</b>	<b>2,950,144</b>	<b>2,950,197</b>	<b>2,950,144</b>	<b>2,950,197</b>
<b>Total infrastructure assets</b>	<b>5,209,702</b>	<b>5,163,320</b>	<b>5,212,302</b>	<b>5,165,920</b>
<b>Restricted assets <sup>2</sup></b>				
<b>Art and cultural assets</b>				
Art and cultural assets - at cost - opening balance	8,927	8,927	11,266	11,263
Additions	21	-	21	3
Transfer between asset classes	(281)	-	(281)	-
<b>Art and cultural assets - closing balance</b>	<b>8,667</b>	<b>8,927</b>	<b>11,006</b>	<b>11,266</b>
<b>Restricted buildings</b>				
Restricted buildings - at cost - opening balance	36,627	35,470	36,627	35,470
Accumulated depreciation	(9,497)	(8,095)	(9,497)	(8,095)
<b>Total restricted buildings - opening balance</b>	<b>27,130</b>	<b>27,375</b>	<b>27,130</b>	<b>27,375</b>
Additions	4,386	1,507	4,386	1,507
Depreciation expense	(1,521)	(1,430)	(1,521)	(1,430)
Impairment	-	(559)	-	(559)
Transfer between asset classes	-	237	-	237
<b>Restricted buildings - closing balance</b>	<b>29,995</b>	<b>27,130</b>	<b>29,995</b>	<b>27,130</b>
Restricted buildings - at cost - closing balance	40,865	36,627	40,865	36,627
Accumulated depreciation	(10,870)	(9,497)	(10,870)	(9,497)
<b>Total restricted buildings - closing balance</b>	<b>29,995</b>	<b>27,130</b>	<b>29,995</b>	<b>27,130</b>
<b>Parks and reserves</b>				
Parks and reserves - at cost - opening balance	211,888	210,179	211,888	210,179
Additions	284	864	284	864
Disposals	-	-	-	-
Transfer between asset classes	(252)	560	(252)	560
Transfer from non-current assets held for sale	41	326	41	326
Transfer to non-current assets held for sale	(73)	(41)	(73)	(41)
<b>Parks and reserves - closing balance</b>	<b>211,888</b>	<b>211,888</b>	<b>211,888</b>	<b>211,888</b>

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	Council		Group	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
<b>Town Belt - at cost</b>	<b>84,544</b>	<b>84,544</b>	<b>84,544</b>	<b>84,544</b>
<b>Zoo animals - at cost</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>
<b>Total restricted assets</b>	<b>335,594</b>	<b>332,989</b>	<b>337,933</b>	<b>335,328</b>
<b>Work in progress</b>				
Land	143	53	143	53
Buildings	23,569	22,698	23,569	22,698
Civic Centre complex	4,639	4,368	4,639	4,368
Plant and equipment	10,238	8,142	12,688	10,104
Library	474	390	474	390
Drainage, waste and water	5,038	3,838	5,038	3,838
Roading	6,173	28,745	6,173	28,745
Art and cultural	181	180	181	180
Restricted buildings	118	1,047	118	1,047
<b>Total work in progress</b>	<b>50,573</b>	<b>69,461</b>	<b>53,023</b>	<b>71,423</b>
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<b>6,645,975</b>	<b>6,595,900</b>	<b>6,659,487</b>	<b>6,608,226</b>

*Disposals and transfers are reported net of accumulated depreciation.*

- For restricted assets, valuation at cost means they are not subject to revaluation. Please refer to the significant accounting policies above for a more detailed explanation.

**Revaluation of property, plant and equipment**

The Council's operational land and buildings were valued as at 30 June 2015, and infrastructural land as at 30 June 2014 by William Bunt (FNZIV, FPINZI), registered valuer and Director of Valuation Services for CBRE Limited.

Library collections were valued as at 30 June 2014 by the Council's library staff. The revaluation was carried out in accordance with guidelines outlined in Valuation Guidance for Cultural and Heritage Assets published by the Treasury Accounting Team, November 2002. An independent peer review was conducted by Michaela O'Donovan, Manager Service Design and Implementation, National Library of New Zealand.

The drainage, waste and water infrastructure and roading networks and the service concession assets were valued as at 30 June 2014 by John Vessey (MIPENZ), Partner of Opus International Consultants Limited.

Assets are valued at regular intervals by independent registered valuers or whenever the carrying amount differs materially to fair value. In the years which an asset class is not revalued, the Group assesses whether there has been any material change in the value of that asset class. The movement in asset values between 30 June 2014 and 30 June 2016 for the infrastructure assets were assessed using appropriate indices. The increase in asset value of 1.7% was not considered material by management and accordingly the assets were not revalued at 30 June 2016.

Further information on revaluation reserves and movements is contained in Note 27: Revaluation reserves.

**Finance leases**

The net carrying amount of plant and equipment assets held by the Council under finance leases is \$0.216m (2015: \$0.286m).



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**Significant acquisitions and replacements of assets**

In accordance with the provisions of Schedule 10 of the Local Government Act 2002, information in respect of significant acquisitions and replacements of assets is reported within the Statements of Service Provision.

**Core Assets**

Included within the infrastructure assets above are the following core Council assets:

Council	2016			
	Closing book value	Additions		Replacement Cost
		Constructed	Vested	
	\$000	\$000	\$000	\$000
<b>Water supply</b>				
- treatment plants and facilities	-	-	-	-
- other assets	535,184	15,033	1,644	945,331
<b>Sewerage</b>				
- treatment plants and facilities	166,979	-	-	222,587
- other assets	315,259	10,852	1,296	774,822
<b>Stormwater drainage</b>	390,251	4,867	3,042	654,926
<b>Flood protection and control works</b>	-	-	-	-
<b>Roads and footpaths</b>	624,743	34,444	502	850,940
<b>TOTAL CORE ASSETS</b>	<b>2,032,415</b>	<b>65,196</b>	<b>6,484</b>	<b>3,448,605</b>
Council	2015			
	Closing book value	Additions		Replacement Cost
		Constructed	Vested	
	\$000	\$000	\$000	\$000
<b>Water supply</b>				
- treatment plants and facilities	-	-	-	-
- other assets	529,724	13,265	933	939,317
<b>Sewerage</b>				
- treatment plants and facilities	166,095	-	-	221,739
- other assets	318,492	7,959	332	768,062
<b>Stormwater drainage</b>	329,221	4,821	818	650,194
<b>Flood protection and control works</b>	-	-	-	-
<b>Roads and footpaths</b>	609,293	41,389	986	830,123
<b>TOTAL CORE ASSETS</b>	<b>1,952,825</b>	<b>67,434</b>	<b>3,069</b>	<b>3,409,436</b>

Water and roads assets are not on the valuation cycle this year. Therefore their replacement costs are based on the optimised replacement costs estimate figures in the valuation for the 2013/14 year measured against an appropriate index to get an indication of potential value changes. These indicators are the same as those

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used for Council's Long-Term Plan (LTP). The Infrastructure indicators used are sourced from Business and Economic Research Limited (BERL) titled "Forecasts of Price Level Change Adjustors".

The core value of roads and footpaths shown above excludes the value of retaining walls, street lighting, sumps and leads and other related assets totalling \$243.4m (2015: \$222.8m) that are included in the value of roading assets under infrastructure assets as disclosed above.

**Service concession arrangements**

The service concession arrangement asset class consists of the Moa Point, Western (Karori) and Carey's Gully waste water treatment plants which are owned by the Council but operated by Veolia Water under agreement. The assets are valued consistently with waste infrastructure network assets.

The Moa Point sewerage treatment plant is owned by the Council and operated by Veolia Water under a design, build and operate contract. Veolia Water also operates the Council owned Western (Karori) and Carey's Gully treatment plants. The plants and building assets are included in the service concession arrangement assets above.

Veolia Water is required to fund all renewals and repairs and return the plants to the Council in 2020 with a future life expectancy of at least 25 years.

As asset owner, the Council incurs all associated operating expenses, namely management fees, depreciation and finance costs. In accordance with section 100 of the Local Government Act 2002, the Council does not fully fund the plant's depreciation expenditure.

Veolia's monthly management fee is determined in accordance with annually adjusted tariffs. The contract terminates either on the expiry of the 25 year term (2020) or on the occurrence of a contract default event by either party. The contract's right of renewal resides with the Council.

**Insurance of assets**

	Council	
	2016	2015
	\$000	\$000
Total value of property, plant and equipment	6,645,975	6,595,900
less assets (primarily land) excluded from insurance contracts	(3,581,335)	(3,505,600)
Value of assets covered by insurance contracts	<b>3,064,640</b>	<b>3,090,300</b>
The maximum amount to which assets are insured under Council insurance policies	895,000	820,000

In addition to Council's insurance, in the event of natural disaster it is assumed that Central Government will contribute 60% towards the restoration of Council owned underground drainage, waste and water assets and the New Zealand Transport agency will contribute between 44-54% towards the restoration of roading assets.

The Council is not covered by any financial risk sharing arrangements in relation to its assets.

An insurance reserve fund of \$9.566m (2015: \$8.727m) exists to meet the cost of claims that fall below deductible limits under Council insurance policies. The reserve is funded annually through rates by \$1.500m (2015: 0.750m). The net cost of claims applied to the reserve during the year amounted to \$0.661m (2015: \$1.632m). Refer to Note 30: Restricted Funds (page XX) for more information on the reserve.



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**Note 19: Investment in controlled entities**

The cost of the Council's investment in controlled entities is reflected in the Council's financial statements as follows:

<b>Investment in controlled entities</b>	<b>2016</b>	<b>2015</b>
	<b>\$000</b>	<b>\$000</b>
Wellington Cable Car Limited	3,809	3,809
Wellington Regional Economic Development Agency Limited (WREDA)	1,262	1,262
<b>TOTAL INVESTMENT IN CONTROLLED ENTITIES</b>	<b>5,071</b>	<b>5,071</b>

The equity investment represents the cost of the investment to the Council and includes all capital contributions made by the Council to controlled entities. The Council has only made equity investments as shareholders as noted in the table above. Nominal settlement amounts (i.e. \$100) made in respect of Trusts, for which Council is the settlor, have not been recognised due to their materiality or are considered as equity investments.

Information on inter-company transactions is included in the Note 36: Related party disclosures (page XX).

The following entities are controlled entities of Council:

<b>Controlled entities</b>	<b>Accounting Interest 2016</b>	<b>Accounting Interest 2015</b>	<b>Nature of business</b>
Positively Wellington Tourism (Partnership Wellington Trust Inc.)	100%	100%	The operations have been transferred to WREDA – (see below) while the Trust is being wound up.
Wellington Waterfront Limited	100%	100%	Acts as bare trustee for the Waterfront project
Wellington Cable Car Limited	100%	100%	Owens and manages the trolley bus overhead wiring system and the Cable Car.
Wellington Museums Trust	100%	100%	Administers the Cable Car Museum, Capital E, the City Gallery, the Colonial Cottage Museum, the Carter Observatory, the Museum of Wellington City and Sea and the NZ Cricket Museum
Wellington Regional Economic Development Agency Limited (WREDA)	80%	80%	Manages the Wellington Venues Project and creates economic and social benefit by marketing the city with the private sector as a tourism destination. As at 30 June 2016 Grow Wellington (formerly a controlled entity of WREDA) was fully amalgamated into the operations of WREDA.
- Creative HQ Limited	80%	80%	Business incubators
Wellington Zoo Trust	100%	100%	Manages and guides the future direction of the Wellington Zoo.

The reporting period end date for all controlled entities is 30 June. Full copies of their financial statements can be obtained directly from their offices. Further information on the structure, objectives, the nature and scope of activities, and the performance measures and targets of the entities can be found in the relevant sections of the Statements of Service Provision.

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**Note 20: Investment in associates and jointly controlled entity**

The cost of the Council's investment in associates and a jointly controlled entity is reflected in the Council financial statements as follows:

Investment in associates and jointly controlled entity	Council	
	2016	2015
	\$000	\$000
Chaffers Marina Holdings Limited	1,290	1,290
Wellington International Airport Limited	17,775	17,775
Wellington Water Limited	400	400
<b>TOTAL INVESTMENT IN ASSOCIATES AND JOINTLY CONTROLLED ENTITY</b>	<b>19,465</b>	<b>19,465</b>

The Council has a significant interest in the following associates:

Associates and Jointly controlled entities	Accounting Interest 2016	Accounting Interest 2015	Nature of business
Basin Reserve Trust	0% (See below)	0%	Manages, operates and maintains the Basin Reserve
Chaffers Marina Holdings Limited	10.52%	10.52%	Holding company for Chaffers Marina Limited.
- Chaffers Marina Limited	10.52%	10.52%	Owens and manages the marina.
Wellington International Airport Limited	34%	34%	Owens and manages Wellington International Airport facilities and services.
Wellington Regional Stadium Trust*	0% (see below)	0%	Owens and manages the Westpac Stadium.
Wellington Water Limited (Previously Capacity Infrastructure Services Limited)	42.11%	42.11%	Manages all water services for Wellington, Lower Hutt, Upper Hutt and Porirua City Councils and Greater Wellington Regional Council.

Full copies of the separately prepared financial statements can be obtained directly from their respective offices.

**Associates**

***Basin Reserve Trust***

The Basin Reserve Trust was established on 24 February 2005 to manage, operate and maintain the Basin Reserve. The Trust was jointly created with Cricket Wellington Incorporated (CWI). Wellington City Council and CWI each appoint two of the four trustees. Wellington City Council has significant influence over the Trust through the appointment of trustees, and receives benefits from the complementary activities of the Trust.

The Council no longer considers the Trust meets the requirements of PBE IPSAS 7 *Investments in Associates* to enable continued consolidation on an equity accounted basis. The Trust is still identified as an associate given the Council's level of influence and financial support but due to the lack of an equity investment the Council believes it is no longer appropriate to include the Trust in the Group financial statements.

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***Chaffers Marina***

Chaffers Marina Holdings Limited and Chaffers Marina Limited have a reporting period end date of 30 June. The shares in Chaffers Marina Holdings Limited are held by Wellington Waterfront Limited in a fiduciary capacity. As at 30 June 2016 Council held a 10.52% interest in Chaffers Marina Holdings Limited (2015:10.52%) which has been recognised in the Group financial statements on an equity accounting basis reflecting the special rights (as set out in Chaffers Marina Limited's Constitution) which attach to the golden share that it holds in Chaffers Marina Limited.

***Wellington International Airport Limited***

Wellington International Airport Limited has a reporting period end date of 31 March. The ultimate majority owner, Infratil Limited, has determined a different end of reporting period to Council, which is legislatively required to use 30 June. The Council owns 34% of the company, with the remaining 66% owned by NZ Airports Limited (which is wholly owned by Infratil Limited).

***Wellington Regional Stadium Trust***

Wellington Regional Stadium Trust was jointly created with Greater Wellington Regional Council and Wellington City Council has significant influence over the Wellington Regional Stadium Trust through the appointment of trustees and receives benefits from the complementary activities of the Trust.

The Council no longer considers the Trust meets the requirements of PBE IPSAS 7 *Investments in Associates* to enable continued consolidation on an equity accounted basis. The Trust is still identified as an associate given the Council's level of influence and financial support but due to the lack of an equity investment the Council believes it is no longer appropriate to include the Trust in the Group financial statements.

**Jointly controlled entity**

***Wellington Water Limited***

Formerly trading as Capacity (Capacity Infrastructure Services Limited) and jointly created with Hutt City Council on 9 July 2003 the company has expanded its operations and ownership to include Upper Hutt and Porirua City Councils from 1 November 2013 and Greater Wellington Regional Council from 16 September 2014.

The company has a reporting period ending 30 June and has a dual share structure comprising A class shares (voting rights) and B Class shares (financial entitlements). The structure is as follows:

	<b>Class A shares (voting rights)</b>	<b>Class B Shares (financial entitlements)</b>	<b>Ownership interest</b>
Wellington City Council	150	200	42%
Hutt City Council	150	100	21%
Upper Hutt City Council	150	40	8%
Porirua City Council	150	60	13%
Greater Wellington Regional Council	150	75	16%
<b>Total shares on issue</b>	<b>750</b>	<b>475</b>	<b>100%</b>

The Class A shares represent voting rights and are split evenly between the five Councils. The Class B shares confer the level of contributions and ownership benefits of each council. Council classifies this entity as jointly controlled because of the equal sharing of voting rights conferred through the Class A shares and the shareholder's agreement, which constitutes a binding arrangement.

Wellington City Council chooses to use equity accounting to recognise its 42.11% ownership interest as determined by the proportionate value of Class B shares held.

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**Summary of Financial Position and Performance of associates and jointly controlled entity**

The Council's share of the assets, liabilities, revenues and surpluses or deficits of its associates and jointly controlled entity are as follows:

	<b>Assets</b>	<b>Liabilities</b>	<b>Revenues</b>	<b>Surplus/(Deficit)</b>
	<b>2016</b>	<b>2016</b>	<b>2016</b>	<b>2016</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Associates</b>				
Chaffers Marina Holdings Limited	626	171	626	(36)
Wellington International Airport Limited	326,110	153,852	326,110	12,805
<b>Jointly controlled entity</b>				
Wellington Water Limited	4,248	3,438	19,499	42
	<b>Assets</b>	<b>Liabilities</b>	<b>Revenues</b>	<b>Surplus/(Deficit)</b>
	<b>2015</b>	<b>2015</b>	<b>2015</b>	<b>2015</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Associates</b>				
Chaffers Marina Holdings Limited	626	135	77	4
Wellington International Airport Limited	286,111	137,154	36,825	11,188
<b>Jointly controlled entity</b>				
Wellington Water Limited	3,898	3,130	10,943	420

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**Value of the investments**

The investment in associates and the jointly controlled entity in the Group financial statements represents the Council's share of the net assets of the associates and the jointly controlled entity. This is reflected in the Group financial statements as follows:

Investment in associates and jointly controlled entity	Group	
	2016 \$000	2015 \$000
<b>Chaffers Marina Holdings Limited</b>		
Opening balance	939	959
Change in shares during the year	-	(39)
Change in equity due to changed shareholding	-	15
Equity accounted earnings of associate	(36)	4
<b>Closing balance - investment in Chaffers Marina Holdings Limited</b>	<b>903</b>	<b>939</b>
<b>Wellington International Airport Limited</b>		
Opening balance	135,960	133,860
Dividends	(12,059)	(12,950)
Equity accounted earnings of associate	12,805	11,188
Share of net revaluation of property, plant and equipment - movement	-	3,862
<b>Closing balance - investment in Wellington International Airport Limited</b>	<b>136,706</b>	<b>135,960</b>
<b>Wellington Water Limited</b>		
Opening balance	768	336
Change in equity due to changed shareholding	-	12
Equity accounted earnings of jointly controlled entity	42	420
<b>Closing balance - investment in Wellington Water Limited</b>	<b>810</b>	<b>768</b>
<b>TOTAL INVESTMENT IN ASSOCIATES AND JOINTLY CONTROLLED ENTITY</b>	<b>138,419</b>	<b>137,666</b>

The Council's share of the operating surplus or deficit results of the Chaffers Marina Holdings Limited, Wellington International Airport Limited and Wellington Water Limited is outlined in Note 9: Share of Associates' and Jointly Controlled Entity's surplus or deficit. (page XX).



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**Note 21: Exchange transaction, taxes and transfers payable**

Exchange transactions, taxes and transfers payable	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
<b>Current</b>				
Payables under exchange transactions	42,627	45,429	45,703	49,922
Taxes and transfers payable	10,647	12,635	11,299	12,817
<b>Non-current</b>				
Payables under exchange transactions	630	630	630	630
<b>TOTAL EXCHANGE TRANSACTIONS, TAXES AND TRANSFERS PAYABLE</b>	<b>53,904</b>	<b>58,694</b>	<b>57,632</b>	<b>63,369</b>

Comprised of:

Payables under exchange transactions	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
Exchange payables and accruals	36,712	39,358	39,782	43,663
Interest payable	3,059	2,951	3,059	2,951
Sundry payables	3,486	3,750	3,492	3,938
<b>Total payables under exchange transaction</b>	<b>43,257</b>	<b>46,059</b>	<b>46,333</b>	<b>50,552</b>

Taxes and transfers payable	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
<b>Taxes payable</b>				
GWRC rates	1,861	2,315	1,861	2,315
Other	991	1,144	1,207	1,312
<b>Transfers payable</b>				
Creditors and accruals	3,674	4,797	4,076	4,797
Sundry payables	4,121	4,379	4,155	4,393
<b>Total taxes and transfers payable</b>	<b>10,647</b>	<b>12,635</b>	<b>11,299</b>	<b>12,817</b>

Exchange transactions, taxes and transfers payable to related parties	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
Controlled entities	1,515	1,455	-	-
Associates and jointly controlled entity	2,078	295	2,078	295
<b>Total exchange transactions, taxes and transfers payable to related parties</b>	<b>3,593</b>	<b>1,750</b>	<b>2,078</b>	<b>295</b>

Payables under exchange transactions, taxes and transfers payable are non-interest bearing and are normally settled on terms varying between seven days and the 20th of the month following the invoice date. Most of Council's payables are exchange transactions as they are directly with another party on an arm's length basis and are of approximately equal value. Non-exchange payables are classified as either taxes (eg. PAYE) or transfers payable (eg. Council grants).

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**Note 22: Revenue in advance**

	Council		Group	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
<b>Exchange</b>				
Lease rentals	3,416	3,605	3,416	3,605
Other	-	-	366	-
<b>Taxes</b>				
Rates	1,350	876	1,350	876
<b>Transfers</b>				
Wellington Venues operations	1,256	1,325	1,256	1,325
Inspection and licensing fees	3,393	2,909	3,393	2,909
Other	1,042	1,348	1,818	2,149
<b>Liabilities recognised under conditional transfer agreements</b>	32,641	19,230	33,594	21,927
<b>TOTAL REVENUE IN ADVANCE</b>	<b>43,098</b>	<b>29,293</b>	<b>45,193</b>	<b>32,791</b>

**Relevant significant accounting policies**

***Liabilities recognised under conditional transfer agreements***

Council and the Group have received non-exchange transfer monies for specific purposes, which apply to periods beyond the current year, with conditions that would require the return of the monies if they are not able to fulfil the agreement. The revenue from these agreements will only be recognised as the conditionals are fulfilled over time.

The primary liability recognised as being under a conditional transfer agreement is \$28.474m relating to the capital grant received from the Crown for the housing upgrade project (2015: \$14.463m)

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**Note 23: Borrowings**

The Council maintains a prudent borrowings position in relation to our equity and annual revenue. Borrowings are primarily used to fund the purchase of new assets or upgrades to existing assets that are approved through the Annual Plan and Long-Term Plan processes.

**Gross Borrowings**

The gross borrowings are comprised as follows:

	Council		Group	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
<b>Current</b>				
Bank facilities - short term - committed	-	2,000	-	2,000
Bank loans - term	22	5	22	5
Commercial paper	100,000	72,000	100,000	72,000
Debt securities - fixed rate bonds	-	5,000	-	5,000
Debt securities - floating rate notes	40,000	85,000	40,000	85,000
Finance leases	53	99	53	102
<b>Total current</b>	<b>140,075</b>	<b>164,104</b>	<b>140,075</b>	<b>164,107</b>
<b>Non-current</b>				
Bank loans - term	3,907	3,069	3,907	3,069
Debt securities - fixed rate bonds	20,000	20,000	20,000	20,000
Debt securities - floating rate notes	326,500	246,500	326,500	246,500
Finance leases	2	55	2	55
<b>Total non-current</b>	<b>350,409</b>	<b>269,624</b>	<b>350,409</b>	<b>269,624</b>
<b>TOTAL GROSS BORROWINGS</b>	<b>490,484</b>	<b>433,728</b>	<b>490,484</b>	<b>433,731</b>

**Net Borrowings**

When the cash position of Council and the Group is taken into account the net borrowings position is comprised as follows:

	Council		Group	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
Total gross borrowings	490,484	433,728	490,484	433,731
<i>Less</i>				
Cash and cash equivalents (see Note 11)	(94,009)	(65,913)	(103,623)	(75,598)
<b>TOTAL NET BORROWINGS</b>	<b>396,475</b>	<b>367,815</b>	<b>386,861</b>	<b>358,133</b>

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The Council's borrowing strategy is to minimise liquidity risk by avoiding concentration of debt maturity dates and to ensure there is long term access to funds. Further information on the liquidity and market risks associated with borrowings is contained in Note 32: Financial instruments (page XX).

The following table shows the utilisation of the borrowing facilities available to the Group at the end of the reporting period. The table also indicates the current applicable maturity and interest rate ranges.

Group	Available \$000	Utilised \$000	Maturities	Rates %
Bank overdraft - committed	1,500	-	-	
Bank facilities - short term - uncommitted	5,000	-	5,000	
Bank facilities - long term - committed	120,000	-	120,000	
Bank loans - term	3,929	3,929	3,929	7.00
Commercial paper	100,000	100,000	100,000	2.37 - 2.46
Debt securities - fixed rate bonds	20,000	20,000	2016 - 2023	4.06 - 5.48
Debt securities - floating rate notes	366,500	366,500	2016 - 2027	2.48 - 3.83
Finance leases	55	55	2017	10.22%
<b>Total</b>	<b>616,984</b>	<b>490,484</b>		

**Security**

Borrowings are secured by way of a Debenture Trust Deed over the Council's rates revenue.

**Internal Borrowings**

Council borrows on a consolidated level and as such does not use internal borrowing and therefore does not prepare internal borrowing statements.

**Ring fenced funds**

The Council holds \$62.906m (2015: \$40.356m) of funds that may only be used for a specified purpose. These funds are not held in cash but are utilised against borrowings until required. The specified uses for these funds are as follows:

**Housing upgrade project**

As part of the agreement with the Crown for the Housing Upgrade Project an amount of \$57.578m (2015: \$36.460m), representing any as yet unused grant funding from the Crown plus the accumulated surpluses and deficits from the Housing activity, has been ring fenced for future investment in the Council's social housing assets.

**Waste reduction and energy**

An amount of \$5.328m (2015: \$3.896m) related to accumulated surpluses and deficits from the Waste Reduction and Energy Conservation activity which, under the Waste Minimisation Act 2008, must be ring fenced for future investment in waste activities. Council is committed to a number of waste minimisation projects that will utilise these funds.

**Note 24: Employee benefits and liabilities provision**

	Council		Group	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
<b>Current</b>				
<b>Short-term benefits</b>				
Payroll accruals	1,878	1,166	2,267	1,455
Holiday leave	5,256	5,028	6,385	5,900
<b>Total short-term benefits</b>	<b>7,134</b>	<b>6,194</b>	<b>8,652</b>	<b>7,355</b>
<b>Termination benefits</b>				
Other contractual provisions	55	112	55	112
<b>Total termination benefits</b>	<b>55</b>	<b>112</b>	<b>55</b>	<b>112</b>
<b>Total current</b>	<b>7,189</b>	<b>6,306</b>	<b>8,707</b>	<b>7,467</b>
<b>Non-current</b>				
<b>Long-term benefits</b>				
Long service leave provision	-	-	49	49
Retirement gratuities provision	995	1,096	1,007	1,108
<b>Total long-term benefits</b>	<b>995</b>	<b>1,096</b>	<b>1,056</b>	<b>1,157</b>
<b>TOTAL EMPLOYEE BENEFIT LIABILITIES AND PROVISIONS</b>	<b>8,184</b>	<b>7,402</b>	<b>9,763</b>	<b>8,624</b>

**Relevant significant accounting policies - general**

A provision for employee benefit liabilities (holiday leave, long service leave and retirement gratuities) is recognised as a liability when benefits are earned but not paid.

**Holiday leave**

Holiday leave includes: annual leave, long service leave, statutory time off in lieu and ordinary time off in lieu. Annual leave is calculated on an actual entitlement basis in accordance with section 21(2) of the Holidays Act 2003.

Movements in material employee benefit provisions above are analysed as follows:

Retirement gratuities provision	Council		Group	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
Opening balance	1,096	1,207	1,108	1,219
Movement in required provision	(32)	(19)	(32)	(19)
Release of unused provision	(7)	(29)	(7)	(29)
Rediscounting of interest	59	75	59	75
Amount utilised	(121)	(138)	(121)	(138)
<b>Retirement gratuities - closing balance</b>	<b>995</b>	<b>1,096</b>	<b>1,007</b>	<b>1,108</b>



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**Background**

The Council's retirement gratuities provision is a contractual entitlement for a reducing number of employees who, having qualified with 10 years' service will, on retirement, be entitled to a payment based on years of service and current salary. This entitlement has not been offered to Council employees since 1991. Based on the age of remaining participants the provision may not be extinguished until 2037, assuming retirement at age 65.

**Relevant significant accounting policies - specific**

Retirement gratuities are calculated on an actuarial basis based on the likely future entitlements accruing to employees, after taking into account years of service, years to entitlement, the likelihood that employees will reach the point of entitlement, and other contractual entitlements information.

**Estimation**

The gross retirement gratuities provision (inflation adjusted at 1.80%) as at 30 June 2016, before discounting, is \$1.262m (2015: \$1.435m). The discount rate used is 6.10%.

Other contractual provisions	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
Opening balance	112	77	112	77
New provision	55	112	55	112
Release of unused provision	-	(7)	-	(7)
Amount utilised	(112)	(70)	(112)	(70)
<b>Other contractual provisions - closing balance</b>	<b>55</b>	<b>112</b>	<b>55</b>	<b>112</b>

**Background**

The above provision is to cover estimated redundancy costs as at 30 June 2016 resulting from current restructuring within the Council.

**Relevant significant accounting policies - specific**

Other contractual provisions include termination benefits, which are recognised within surplus or deficit only when there is a demonstrable commitment to either terminate employment prior to normal retirement date or to provide such benefits as a result of an offer to encourage voluntary redundancy. Termination benefits settled within 12 months are reported at the amount expected to be paid, otherwise they are reported as the present value of the estimated future cash outflows.

**Note 25: Provisions and other liabilities**

	Council		Group	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
<b>Current</b>				
ACC Partnership programme	12	27	12	27
Landfill post closure costs	1,441	2,112	1,441	2,112
Weathertight homes	9,500	13,068	9,500	13,068
<b>Total current</b>	<b>10,953</b>	<b>15,207</b>	<b>10,953</b>	<b>15,207</b>
<b>Non-current</b>				
Landfill post closure costs	15,330	13,708	15,330	13,708
Weathertight homes	34,920	28,132	34,920	28,132
<b>Total non-current</b>	<b>50,250</b>	<b>41,840</b>	<b>50,250</b>	<b>41,840</b>
<b>TOTAL PROVISIONS FOR OTHER LIABILITIES</b>	<b>61,203</b>	<b>57,047</b>	<b>61,203</b>	<b>57,047</b>

**Relevant significant accounting policies - general**

Provisions are recognised for future liabilities of uncertain timing or amount when there is a present obligation as a result of a past event, it is probable that expenditure will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are measured at the expenditure expected to be required to settle the obligation. Liabilities and provisions to be settled beyond 12 months are recorded at their present value.

Movements in material provisions above are analysed as follows:

Landfill post closure costs	Council		Group	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
Opening balance	15,820	15,779	15,820	15,779
Movement in provision	479	(866)	479	(866)
Re-discounting of interest	932	1,114	932	1,114
Amount utilised	(460)	(207)	(460)	(207)
<b>Landfill post closure costs - closing balance</b>	<b>16,771</b>	<b>15,820</b>	<b>16,771</b>	<b>15,820</b>
Current	1,441	2,112	1,441	2,112
Non-current	15,330	13,708	15,330	13,708
<b>Landfill post closure costs - closing balance</b>	<b>16,771</b>	<b>15,820</b>	<b>16,771</b>	<b>15,820</b>

**Background**

The Council operates the Southern Landfill (Stage 3) and has a 21.5% joint venture interest in the Spicer Valley Landfill. It also manages a number of closed landfill sites around Wellington. The Council has responsibility for the closure of its landfills and to provide ongoing maintenance and monitoring of the landfills after they are closed.

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As part of the closure of landfills, or landfill stages, the Council's responsibilities include:

- final cover application and vegetation;
- incremental drainage control features; and
- completing facilities for post closure responsibilities.

Post closure responsibilities include:

- treatment and monitoring of leachate;
- ground water and surface monitoring;
- gas monitoring and recovery;
- implementation of remedial measures such as needed for cover and control systems; and
- ongoing site maintenance for drainage systems, final cover and vegetation.

The management of the landfill will influence the timing of recognition of some liabilities – for example, the Southern Landfill operates in stages. A liability relating to any future stages will only be created when the stage is commissioned and when refuse begins to accumulate in this stage.

The Council, as operator of the Southern Landfill, has a legal obligation to apply for resource consents when the landfill or landfill stages reach the end of their operating life and are to be closed. These resource consents will set out the closure requirements and the requirements for ongoing maintenance and monitoring services at the landfill site after closure.

#### Relevant significant accounting policies - specific

A provision for post-closure costs is recognised as a liability when the obligation for post-closure arises, which is when each stage of the landfill is commissioned and refuse begins to accumulate.

The provision is measured based on the present value of future cash flows expected to be incurred, taking into account future events including known changes to legal requirements and known improvements in technology. The provision includes all costs associated with landfill post-closure including final cover application and vegetation; incremental drainage control features; completing facilities for leachate collection and monitoring; completing facilities for water quality monitoring; completing facilities for monitoring and recovery of gas.

Amounts provided for landfill post-closure are capitalised to the landfill asset. The capitalised landfill asset is depreciated over the life of the landfill based on the capacity used.

The Council's provision for landfill post-closure costs includes the Council's 21.5% proportionate share of the Spicer Valley landfill provision for post-closure costs.

#### Estimations

The long term nature of the liability means there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated using known improvements in technology and known changes to legal requirements. Future cash flows are discounted using the rate of 6.10%. The gross provision (inflation adjusted at 2.29%), before discounting, is \$23.576m as at 30 June 2016 (2015: \$23.445m). This represents the Council's projection of the amount required to settle the obligation at the estimated time of the cash outflow.

Stage 3 of the Southern Landfill has an estimated remaining capacity of 664,018m<sup>3</sup> (2015: 780,000m<sup>3</sup>) and is expected to close in 2021. These estimates have been made by the Council's engineers based on expected future and historical volume information.

The Council's provision includes a proportionate share of the Spicer Valley Landfill provision for post closure costs. The Spicer Valley Landfill has an estimated remaining capacity of 407,000m<sup>3</sup> (2015: 483,000m<sup>3</sup>) and an estimated remaining life out to 2022 (6 years).

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Weathertight homes	Council		Group	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
Opening balance	41,200	50,393	41,200	50,393
Additional or increased provision made	12,006	980	12,006	980
Amount utilised	(8,786)	(10,173)	(8,786)	(10,173)
<b>Weathertight homes - closing balance</b>	<b>44,420</b>	<b>41,200</b>	<b>44,420</b>	<b>41,200</b>
Current	9,500	13,068	9,500	13,068
Non-current	34,920	28,132	34,920	28,132
<b>Weathertight homes - closing balance</b>	<b>44,420</b>	<b>41,200</b>	<b>44,420</b>	<b>41,200</b>

**Background**

This provision represents the Council's estimated liability relating to the settlement of claims arising in relation to the Weathertight Homes Resolution Services (WHRS) Act 2006 and civil proceedings for weathertightness.

A provision has been recognised for the potential net settlement of all known claims, including those claims that are being actively managed by the Council as well as claims lodged with WHRS but not yet being actively managed. The provision also includes an amount of \$2.056m (2015: \$3.282m) as a provision for future claims relating to weathertightness issues not yet identified or not yet reported.

**Movement in the provision**

During the year \$8.756m was paid as either part or full settlement of claims. An additional \$12.006m was added to the provision after an actuarial re-assessment of the likely future costs to be incurred as explained below. The current / non-current split above reflects the expected timing of payments but is reassessed each year to take account of delays in claim negotiations and any mediation outcomes.

**Estimation**

The Council has provided for the expected future costs of reported claims. The provision for active claims is based on the best estimate of the Council's expected future costs to settle these claims and is reviewed on a case by case basis. The estimate for claims which have been notified and are not yet actively managed and unreported claims is based on actuarial assessments and other information on these claims. The nature of the liability means there are significant inherent uncertainties in estimating the likely costs that will be incurred in the future. This represents the Council's best estimate of the amount required to settle the obligation at the estimated time of the cash outflow. Future cash flows are inflation adjusted and discounted using an applicable discount rate. The provision is net of any third-party contributions including insurance, where applicable.

The provision is based on best estimates and actuarial assessments and therefore actual costs incurred may vary significantly from those included in this provision, especially for future claims relating to weathertightness issues not yet identified or not yet reported.

The significant assumptions used in the calculation of the weathertight homes provision are as follows:

**Amount claimed**

Represents the expected amount claimed by the homeowner and is based on the actual amounts for claims already settled.

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**Settlement amount**

Represents the expected amount of awarded settlement and is based on the actual amounts for claims already settled.

**Amount expected to be paid by the Council**

Represents the amount expected to be paid by the Council out of any awarded settlement amount and is based on the actual amounts for claims already settled. This figure has been increasing over the last few years as it is becoming more common for the other parties involved in a claim to be either in liquidation or bankrupt, or have limited funds and be unable to contribute to settlement.

**Timing of claim payments**

Represents the expected timing of claim payments based on the expected length of time it takes to settle claims. This assumption is based on experience and the actual timings for claims already settled.

**Percentage of homeowners who will make a successful claim**

Historical data collected on the number of claims lodged has enabled assumptions to be made on the percentage of homes built in the last 10 years which may experience weathertightness problems and therefore the percentage of homeowner who may make a successful claim.

The table below illustrates the potential impact on surplus or deficit of changes in some of the assumptions listed above.

Council and Group	2016	
	\$000	
	+10%	-10%
Assumption	Effect on Surplus or Deficit	
Amount claimed	4,442	(4,442)
Settlement level award	4,442	(4,442)
Council contribution to settlement	4,442	(4,442)
Timing of claim payments	-	-
Participation in FAP scheme	(1,756)	1,756
Change in percentage of homeowners who will make a successful claim	205	(205)
	+2%	-2%
Assumption	Effect on Surplus or Deficit	
Discount rate	(1,758)	1,659

**Funding of weathertight homes settlements**

Council uses borrowings in the first instance to meet the cost of settlements with the associated borrowings subsequently being repaid through rates funding. To ensure that the funding of weathertight homes is fully transparent the associated settlement costs, borrowings and rates funding is reported annually.



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Funding for weathertight homes liability	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
Opening balance	(23,207)	(18,530)	(23,207)	(18,530)
Funding for weathertight homes liability	8,125	6,662	8,125	6,662
Total amounts paid	(8,786)	(10,173)	(8,786)	(10,173)
Interest allocation	(1,551)	(1,166)	(1,551)	(1,166)
<b>Closing balance funded through borrowings</b>	<b>(25,419)</b>	<b>(23,207)</b>	<b>(25,419)</b>	<b>(23,207)</b>

**Note 26: Deferred tax**

**Unrecognised temporary differences and tax losses**

Deferred tax assets have not been recognised in respect of the following items:

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
Deductible temporary differences	-	-	559	461
Tax losses	1,037	1,951	1,165	1,951
<b>TOTAL DEFERRED TAX ASSETS AND LIABILITIES</b>	<b>1,037</b>	<b>1,951</b>	<b>1,724</b>	<b>2,412</b>

Under current income tax legislation, the tax losses and deductible temporary differences referred to above do not expire.

The unrecognised deferred tax asset in respect of the above items for the Council is \$0.290m (2015: \$0.546m) and for the Group \$0.483m (2015: \$0.675m).

Deferred tax assets have not been recognised in respect of these items as it is not probable that future taxable profits will be available against which the benefit of the losses can be utilised.

In 2016 \$0.357m (2015: \$0.244m) previously unrecognised tax losses, with a tax effect of \$0.100m (2015: \$0.068m) were recognised by the Group by way of a loss transfer arrangement.

As at 30 June 2016, the Group has a deferred tax liability of \$1.331m (2015: \$1.240m).

**Relevant significant accounting policies**

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the assets and liabilities, and the unused tax losses using tax rates enacted or substantively enacted at the end of the reporting period.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which they can be utilised.

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**Statement of Changes in Equity**

For the year ended 30 June 2016

	Note	Council			Group	
		Actual	Budget	Actual	Actual	Actual
		2016	2016	2015	2016	2015
		\$000	\$000	\$000	\$000	\$000
<b>EQUITY - Opening balances</b>						
Accumulated funds		1,269,134	1,269,134	1,269,134	1,293,162	1,293,162
Retained earnings		3,722,229	3,702,985	3,685,128	3,709,806	3,672,911
Revaluation reserves		1,383,201	1,429,106	1,372,033	1,497,062	1,482,005
Hedging reserve		(17,462)	137	(403)	(17,462)	(403)
Fair value through other comprehensive revenue and expense reserve		106	63	63	505	63
Non-controlling interest		-	-	-	316	-
Restricted funds		13,124	12,389	14,683	16,923	17,437
<b>TOTAL EQUITY - Opening balance</b>		<b>6,370,332</b>	<b>6,413,814</b>	<b>6,340,638</b>	<b>6,500,312</b>	<b>6,465,175</b>
<b>CHANGES IN EQUITY</b>						
<b>Retained earnings</b>						
Net surplus for the year		34,106	23,101	35,542	36,610	36,381
Transfer to restricted funds		(5,118)	(4,518)	(2,273)	(6,367)	(4,146)
Transfer from restricted funds		4,178	3,979	3,832	4,549	4,660
Transfer from revaluation reserves		653	-	-	653	-
<b>Revaluation reserves</b>	27					
Fair value movement - property, plant and equipment - net		(211)	-	11,168	(211)	15,030
Effect of changed shareholding in associates		-	-	-	-	27
Transfer to retained earnings		(653)	-	-	(653)	-
<b>Hedging reserve</b>	28					
Movement in hedging reserve		(21,268)	-	(17,059)	(21,268)	(17,059)
<b>Fair value through other comprehensive revenue and expense reserve</b>	29					
Movement in fair value - Equity investments		1,542	-	43	1,542	43
Movement in fair value - Available for sale equities		-	-	-	(21)	399
<b>Non-controlling interest</b>						
Movement of non-controlling interest		-	-	-	(32)	316
<b>Restricted funds</b>	30					
Transfer to retained earnings		(4,178)	(3,979)	(3,832)	(4,549)	(4,660)
Transfer from retained earnings		5,118	4,518	2,273	6,367	4,146
<b>Total comprehensive revenue and expense</b>		<b>14,169</b>	<b>23,101</b>	<b>29,694</b>	<b>16,620</b>	<b>35,137</b>
<b>EQUITY - Closing balances</b>						
Accumulated funds		1,269,134	1,269,134	1,269,134	1,293,162	1,293,162
Retained earnings		3,756,048	3,725,547	3,722,229	3,745,251	3,709,806
Revaluation reserves		1,382,337	1,429,106	1,383,201	1,496,198	1,497,062
Hedging reserve		(38,730)	137	(17,462)	(38,730)	(17,462)
Fair value through other comprehensive revenue and expense reserve		1,648	63	106	2,026	505
Non-controlling interest		-	-	-	284	316
Restricted funds		14,064	12,928	13,124	18,741	16,923
<b>TOTAL EQUITY - Closing balance</b>		<b>6,384,501</b>	<b>6,436,915</b>	<b>6,370,332</b>	<b>6,516,932</b>	<b>6,500,312</b>
<b>Total comprehensive revenue and expense attributable to:</b>						
Wellington City Council and Group		14,169	23,101	29,694	16,620	35,037
Non-controlling interest		-	-	-	-	100
		<b>14,169</b>	<b>23,101</b>	<b>29,694</b>	<b>16,620</b>	<b>35,137</b>

The notes on pages xx to xx form part of and should be read in conjunction with the financial statements

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## Statement of Changes in Equity – Major budget variations

### Significant variations from budgeted changes in equity are as follows:

Total closing equity is \$52.414m lower than budget but, after accounting for opening equity being already \$43.482m lower than budget due to the timing of the 2014/15 revaluations and the budgeting process; the change in equity for the reporting period is only \$8.932m less than budgeted.

The main reasons for this lower than budgeted changes in equity are as follows:

- \$11.005m higher than budgeted net surplus
- \$1.542m of previously unrecognised value of equity investments

Offset by:

- \$0.864m decrease in revaluation reserves arising from disposals and
- \$21.268m of decrease in the hedging reserve which is non-cash in nature.

### Equity

Equity is the community's interest in the Council and Group and is measured as the difference between total assets and total liabilities. Equity is broken down and classified into a number of components to enable clearer identification of the specified uses of equity within the Council and the Group.

The components of equity are accumulated funds and retained earnings, revaluation reserves, a hedging reserve, a fair value through other comprehensive revenue and expense reserve and restricted funds which comprise special funds, reserve funds and trusts and bequests.

Restricted funds are those reserves that are subject to specific conditions of use, whether under statute or accepted as binding by the Council, and that may not be revised without reference to the Courts or third parties. Transfers from these reserves may be made only for specified purposes or when certain specified conditions are met.

### Equity management

The Local Government Act 2002 (the Act) requires the Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayer funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets but does not expect them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, the Council has asset management plans in place for major classes of assets, detailing renewal and programmed maintenance. These plans ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in its Long-Term Plan (LTP) and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. The Act sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's LTP.

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**Note 27: Revaluation reserves**

	Council		Group	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
<b>Land - opening balance</b>	155,091	144,254	155,091	144,254
Revaluation recognised in other comprehensive revenue and expense	-	10,837	-	10,837
<b>Land - closing balance</b>	<b>155,091</b>	<b>155,091</b>	<b>155,091</b>	<b>155,091</b>
<b>Buildings - opening balance</b>	231,498	231,167	231,498	231,167
Revaluation recognised in other comprehensive revenue and expense	-	-	-	-
Revaluation adjustment	(211)	331	(211)	331
Transfer to retained earnings on disposal of assets	(653)	-	(653)	-
<b>Buildings - closing balance</b>	<b>230,634</b>	<b>231,498</b>	<b>230,634</b>	<b>231,498</b>
<b>Library collections - closing balance</b>	<b>7,015</b>	<b>7,015</b>	<b>7,015</b>	<b>7,015</b>
<b>Drainage, waste and water - closing balance</b>	<b>547,533</b>	<b>547,533</b>	<b>547,533</b>	<b>547,533</b>
<b>Service concession assets - closing balance</b>	<b>70,619</b>	<b>70,619</b>	<b>70,619</b>	<b>70,619</b>
<b>Infrastructure land - closing balance</b>	<b>15,410</b>	<b>15,410</b>	<b>15,410</b>	<b>15,410</b>
<b>Roading - closing balance</b>	<b>356,035</b>	<b>356,035</b>	<b>356,035</b>	<b>356,035</b>
<b>Associates' revaluation reserves - opening balance</b>	-	-	113,861	109,972
Revaluation recognised in other comprehensive revenue	-	-	-	3,862
Effect of changed shareholding in associates	-	-	-	27
<b>Associates' revaluation reserves - closing balance</b>	<b>-</b>	<b>-</b>	<b>113,861</b>	<b>113,861</b>
<b>Total revaluation reserves - closing balance</b>	<b>1,382,337</b>	<b>1,383,201</b>	<b>1,496,198</b>	<b>1,497,062</b>
These revaluation reserves are represented by:				
Opening balance	1,383,201	1,372,033	1,497,062	1,482,005
Revaluation recognised in other comprehensive revenue	-	10,837	-	14,699
Revaluation adjustment	(211)	331	(211)	331
Transfer to retained earnings on disposal of assets	(653)	-	(653)	-
Effect of changed shareholding in associates	-	-	-	27
<b>TOTAL REVALUATION RESERVES</b>	<b>1,382,337</b>	<b>1,383,201</b>	<b>1,496,198</b>	<b>1,497,062</b>

The revaluation reserves are used to record accumulated increases and decreases in the fair value of certain asset classes.

For the period ending 30 June 2016 Council has only revalued its investment properties, which are revalued every year. The infrastructure land and network assets (Drainage, waste, water and roading) and the Library collection will be revalued in 2016/17 as per the normal 3-yearly cycle. Operational land and buildings are due for revaluation in 2017/18.

Revaluation movements are non-cash in nature and represent the restating of the Council's assets, subject to revaluation, into current dollar values after taking into account the condition and remaining lives of the assets.

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**Relevant significant accounting policies**

The result of any revaluation of the Group's property, plant and equipment is recognised within other comprehensive revenue and expense and taken to the asset revaluation reserve. Where this results in a debit balance in the reserve for a class of property, plant and equipment, the balance is included in the surplus or deficit. Any subsequent increase on revaluation that offsets a previous decrease in value recognised within surplus or deficit will be recognised firstly, within surplus or deficit up to the amount previously expensed, and with any remaining increase recognised within other comprehensive revenue and expense and in the revaluation reserve for that class of property, plant and equipment.

Accumulated depreciation at the revaluation date is eliminated so that the carrying amount after revaluation equals the revalued amount.

While assumptions are used in all revaluations, the most significant of these are in infrastructure. For example where stormwater, wastewater and water supply pipes are underground, the physical deterioration and condition of assets are not visible and must therefore be estimated. Any revaluation risk is minimised by performing a combination of physical inspections and condition modelling assessments.

**Note 28: Hedging reserve**

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
Opening balance	(17,462)	(403)	(17,462)	(403)
Cash flow hedge net movement recognised in other comprehensive revenue and expenses	(21,268)	(17,059)	(21,268)	(17,059)
<b>TOTAL HEDGING RESERVE</b>	<b>(38,730)</b>	<b>(17,462)</b>	<b>(38,730)</b>	<b>(17,462)</b>

The hedging reserve shows accumulated fair value changes for interest rate swaps which satisfy the criteria for hedge accounting and have operated as effective hedges during the period.

The Council uses interest rate swaps to fix interest rates on floating rate debt (floating rate notes and commercial paper) to give it certainty over interest costs.

The Council uses hedge accounting to recognise any fair value fluctuations in these swaps through this reserve within equity. Using hedge accounting prevents any significant movement in interest rate exposure significantly affecting the Council's ability to meet its balanced budget requirements.



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**Note 29: Fair value through other comprehensive revenue and expense reserve**

	Council		Group	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
Opening balance	106	63	505	63
Movements:				
Civic Assurance	133	43	133	43
Local Government Funding Agency	1,409	-	1,409	-
Creative HQ shareholdings - available for sale	-	-	(21)	399
<b>TOTAL FAIR VALUE THROUGH OTHER COMPREHENSIVE REVENUE AND EXPENSE RESERVE</b>	<b>1,648</b>	<b>106</b>	<b>2,026</b>	<b>505</b>

This reserve reflects the accumulated fair value movement in the Council's investment in Civic Assurance and the Local Government Funding Agency, for which there is no intention to sell. For further information refer to Note 14: Other financial assets (page XX).

In the Group, Creative HQ, a controlled entity of WREDA, has small shareholdings in incubator and accelerator programme companies. These shareholdings are fair valued annually and any movement is held within this reserve until the shares are disposed.

**Note 30: Restricted Funds**

Restricted funds are comprised of special reserves and funds that Council holds for specific purposes and trusts and bequests that have been bestowed upon the Council for the benefit of all Wellingtonians.

	Council		Group	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
Special reserves and funds	13,639	12,702	17,094	15,635
Trusts and bequests	425	422	1,647	422
<b>TOTAL RESTRICTED FUNDS</b>	<b>14,064</b>	<b>13,124</b>	<b>18,741</b>	<b>16,057</b>

Special reserves and funds	Closing Balance 2015 \$000	Additional Funds 2016 \$000	Funds Utilised 2016 \$000	Closing Balance 2016 \$000
<b>Council</b>				
City growth fund	2,976	3,050	(2,735)	3,291
Reserve purchase and development fund	999	-	(217)	782
Insurance reserve	8,727	1,500	(661)	9,566
<b>Total Council</b>	<b>12,702</b>	<b>4,550</b>	<b>(3,613)</b>	<b>13,639</b>
Controlled entities' reserve funds	2,933	726	(204)	3,455
<b>Total Group - Special reserves and funds</b>	<b>15,635</b>	<b>5,276</b>	<b>(3,817)</b>	<b>17,094</b>

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**Nature and purpose, funding and utilisation**

***City Growth Fund (formerly the Wellington economic initiatives development fund)***

This fund is part of an integrated approach to fostering growth in the economy. Funding of \$3m was provided from previous surpluses and \$2.735m was utilised during the year.

***Reserve purchase and development fund***

This fund is used to purchase and develop reserve areas within the city. During the year \$0.217m was used to purchase Flagstaff Hill and other land for reserve purposes.

***Insurance reserve***

This reserve came into effect in 2001 and allows the Council to meet the cost of claims that fall below deductible limits under Council's insurance policies. Annual additions to the reserve of \$1.500m (2015: \$0.750m) are funded through rates as identified in the Annual Plan. During the year \$0.661m (\$2015: 1.632m) was used to meet under-excess insurance costs.

***Controlled entities' reserve funds***

The restricted funds of the controlled entities relate to the Wellington Museums Trust and the Wellington Zoo Trust:

- The Wellington Museums Trust has three reserves; a Capital Reserve, a Colonial Cottage Museum Collection reserve and a City and Sea Collection reserve. The two collection reserves are for the purpose of future museum acquisitions.
- The Wellington Zoo Trust has two reserves; an Animal Transfer Fund specifically for the transfer of animals and a Conservation Fund to specifically support field conservation.

Trust and bequests	Closing Balance	Additional Funds	Funds Utilised	Closing Balance
	2015	2016	2016	2016
	\$000	\$000	\$000	\$000
<b>Council</b>				
A Graham Trust	3	-	-	3
A W Newton Bequest	318	15	(15)	318
Charles Plimmer Bequest	-	550	(550)	-
E A McMillan Estate	6	-	-	6
E Pengelly Bequest	13	1	-	14
F L Irvine Smith Memorial	7	-	-	7
Greek NZ Memorial Association	5	-	-	5
Kidsanus 2 Donation	3	-	-	3
Kirkcaldie and Stains Donation	17	-	-	17
QEII Memorial Book Fund	19	1	-	20
Schola Cantorum Trust	7	1	-	8
Terawhiti Grant	10	-	-	10
Wellington Beautifying Society Bequest	14	-	-	14
<b>Total Council - Trusts and bequests</b>	<b>422</b>	<b>568</b>	<b>(565)</b>	<b>425</b>
Controlled entities' trusts and bequests	866	523	(167)	1,222
<b>Total Group - Trusts and bequests</b>	<b>1,288</b>	<b>1,091</b>	<b>(732)</b>	<b>1,647</b>

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**Analysis of movements in trusts and bequests**

***Additional Funds***

Trusts and bequests receiving additional funds during the year were those where interest has been applied in accordance with the original terms and conditions.

- Charles Plimmer - Distributions through the Public Trust recognised as revenue - \$550,000

***Funds utilised***

Trusts and bequests funds utilised during the year were:

- Charles Plimmer Bequest - Botanical Gardens Children's garden - \$550,000
- A W Newton Bequest - Fine Arts - \$5,089
- A W Newton Bequest - Sports Festival - \$10,000

**Nature and purpose**

Other than those specific trusts and bequests discussed above, the other Council bequests and trusts are generally provided for library, educational or environmental purposes.

The Wellington Zoo Trust has a number of bequests, trusts and capital grants made to it for specific purposes, which are held as restricted funds until utilised. Further information on these can be found in the Wellington Zoo Trust annual report published on their website – <https://wellingtonzoo.com/about-us/about-our-zoo/>

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**Statement of Cash Flows**

For the year ending 30 June 2016

	Council			Group	
	Actual	Budget	Actual	Actual	Actual
	2016	2016	2015	2016	2015
	\$000	\$000	\$000	\$000	\$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from rates - Council	272,802	259,728	252,484	272,802	252,484
Receipts from rates- Greater Wellington Regional Council	55,622	53,018	50,763	55,622	50,763
Receipts from activities and other revenue	119,920	136,363	127,366	131,199	148,920
Receipts from grants and subsidies - Operating	7,108	6,485	7,666	15,839	28,593
Receipts from grants and subsidies - Capital	38,918	36,026	48,244	39,679	37,906
Receipts from investment property lease rentals	11,025	9,135	10,211	11,025	10,211
Cash paid to suppliers and employees	(288,166)	(294,178)	(286,807)	(324,047)	(327,119)
Rates paid to GWRC	(56,288)	(53,018)	(50,876)	(56,288)	(50,876)
Grants paid	(38,384)	(35,583)	(28,524)	(18,543)	(13,713)
Income tax paid	-	-	-	(244)	(6)
Net GST (paid) / received	(925)	-	(1,180)	(2,329)	(972)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>121,632</b>	<b>117,976</b>	<b>129,347</b>	<b>124,715</b>	<b>136,191</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Dividends received	12,179	11,000	13,082	12,218	13,082
Interest received	3,103	637	2,838	3,311	3,068
Loan repayments	277	-	-	277	-
Decrease in bank investments	-	-	20,000	-	20,000
Proceeds from sale of property, plant and equipment	592	2,650	2,290	1,023	2,447
Proceeds from sale of Investments	-	-	-	-	31
Proceeds from sale of Investment property	6,843	-	-	6,843	-
Loan advance made	(442)	-	-	(442)	(75)
Increase in investments	(1,520)	-	(824)	(1,520)	(822)
Cash from acquisition of controlled entity	-	-	-	-	668
Purchase of investment properties	(1,862)	-	(10)	(1,862)	(10)
Purchase of intangibles	(9,521)	(11,195)	(7,741)	(9,521)	(7,747)
Purchase of property, plant and equipment	(136,816)	(146,857)	(137,353)	(140,648)	(139,799)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(127,167)</b>	<b>(143,765)</b>	<b>(107,718)</b>	<b>(130,321)</b>	<b>(109,157)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
New borrowings	148,855	239,327	70,000	148,855	70,000
Repayment of borrowings	(92,099)	(197,932)	(55,390)	(92,099)	(55,390)
Interest paid on borrowings	(23,125)	(22,763)	(22,899)	(23,125)	(22,899)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>33,631</b>	<b>18,632</b>	<b>(8,289)</b>	<b>33,631</b>	<b>(8,289)</b>
Net increase/(decrease) in cash and cash equivalents	28,096	(7,157)	13,340	28,025	18,745
Cash and cash equivalents at beginning of year	65,913	8,406	52,573	75,598	56,853
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>94,009</b>	<b>1,249</b>	<b>65,913</b>	<b>103,623</b>	<b>75,598</b>

The cash and cash equivalents balance above equates to the cash and cash equivalents balance in the Statement of Financial Position.

The notes on pages **XX** to **XX** form part of and should be read in conjunction with the financial statements.

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Wellington City Council acts as a collection agency for Greater Wellington Regional Council (GWRC) by including additional rates and levies in its own billing process. Once collected, the monies are passed to GWRC. The budget assumes that the inflows and outflows will offset each other and are shown as nil accordingly.

The Council has ring fenced funds of \$62.906m m (2015: \$40.356m) relating to the housing upgrade project and waste activities. For more information see Note 23: Borrowings (page XX)

Cash and cash equivalents for the purposes of the cash flow statement comprises bank balances, cash on hand and short term deposits with a maturity of three months or less. The statement of cash flows has been prepared using the direct approach subject to the netting of certain cash flows. Cash flows in respect of investments and borrowings that have been rolled-over under arranged finance facilities have been netted in order to provide more meaningful disclosures.

Operating activities include cash received from all non-financial revenue sources of the Council and Group and record the cash payments made for the supply of goods and services.

Investing activities relate to the acquisition and disposal of assets and investment revenue.

Financing activities relate to activities that change the equity and debt capital structure of the Council and Group and financing costs.

#### Statement of Cash Flows – Major budget variations

Cash flow budgeting is performed using various assumptions around the timing of events and any departure from these timings will affect the outcome against budget.

##### Significant variations from the cash flow budgets are as follows:

Net cash flows from operating activities were \$3.656m higher than budgeted primarily due to:

- \$13.074m of higher receipts from property and water rates
- \$3.515m of higher receipts from operating and capital grants and subsidies
- \$6.012m of lower payments to suppliers and employees

Offset by:

- \$16.433m of lower revenue from activities and other revenue
- \$2.801m of higher grants paid.

Net cash flows from investing activities were \$16.598m lower than budget primarily due to:

- \$6.843m of unbudgeted investment property sales
- \$10.041m of lower purchases of property, plant and equipment assets due to lower capital expenditure (eg. lower housing upgrade project activity)

Net cash flows from financing activities were \$14.999m higher than budget primarily due to:

- \$15.361m of a net increase in borrowings primarily due to the unbudgeted purchase of land for the Movie Museum and Convention Centre.



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**Note 31: Reconciliation of net surplus to net operating cash flows**

The net surplus from the Statement of Comprehensive Revenue and Expense is reconciled to the net cash flows from operating activities in the Statement of Cash Flows as follows:

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
<b>Net surplus for the period</b>	<b>34,106</b>	<b>35,542</b>	<b>36,610</b>	<b>36,381</b>
<b>Add/(deduct) non-cash items:</b>				
Vested assets	(10,181)	(12,368)	(10,181)	(12,368)
Bad debts written off not previously provided for	282	307	282	334
Depreciation and amortisation	99,183	99,009	100,971	100,024
Impairment of property, plant and equipment	132	5,072	581	5,072
Fair value changes in investment properties	(13,773)	(8,552)	(13,773)	(8,552)
Other fair value changes	(400)	(197)	(400)	(191)
Movement in provision for impairments of doubtful debts	153	(512)	153	(512)
Tax expense	-	-	-	-
Non-cash movement in provisions	12,079	1,045	12,550	1,651
<b>Total non-cash items</b>	<b>87,475</b>	<b>83,804</b>	<b>90,183</b>	<b>85,458</b>
<b>Add/(deduct) movement in working capital: <sup>1</sup></b>				
Exchange receivables and non-exchange recoverables	(10,826)	(2,083)	(6,962)	(650)
Prepayments	953	(800)	572	(1,200)
Inventories	(202)	70	(123)	(92)
Exchange transactions, taxes and transfers payables	(4,623)	(2,163)	(8,555)	(961)
Revenue in advance	13,805	17,186	12,837	18,854
Employee benefit liabilities	782	967	879	776
Provision for other liabilities	(7,908)	(10,210)	(7,908)	(10,401)
<b>Total working capital movement</b>	<b>(8,019)</b>	<b>2,967</b>	<b>(9,260)</b>	<b>6,326</b>
<b>Add/(deduct) investing and financing activities:</b>				
Net (gain)/loss on disposal of property, plant and equipment	1,115	55	1,461	36
Net (gain)/loss on disposal of investment property	(888)	-	(888)	-
Dividends received	(12,179)	(13,082)	(160)	(163)
Interest received	(3,103)	(2,838)	(3,334)	(3,128)
Tax paid and subvention receipts	-	-	(205)	(6)
Interest paid on borrowings	23,125	22,899	23,119	22,899
Share of equity accounted surplus in associates	-	-	(12,811)	(11,612)
<b>Total investing and financing activities</b>	<b>8,070</b>	<b>7,034</b>	<b>7,182</b>	<b>8,026</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>121,632</b>	<b>129,347</b>	<b>124,715</b>	<b>136,191</b>

1. Excluding non-cash items

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**Note 32: Financial Instruments**

Financial instruments include financial assets (loans and receivables or recoverables and financial assets at fair value through other comprehensive revenue and expense), financial liabilities (payables and borrowings) and derivative financial instruments. Financial instruments are classified into the categories outlined below based on the purpose for which they were acquired. The classification is determined at initial recognition and re-evaluated at the end of each reporting period.

**Relevant significant accounting policies**

Financial instruments are initially recognised on trade-date at their fair value plus transaction costs. Subsequent measurement of financial instruments depends on the classification determined by the Council.

**Financial Assets**

Financial assets are classified as loans and receivables or financial assets at fair value through other comprehensive revenue and expense.

Loans and receivables comprise cash and cash equivalents, receivables or recoverables and loans and deposits.

Cash and cash equivalents comprise cash balances and bank deposits with maturity dates of three months or less.

Receivables and recoverables have fixed or determinable payments. They arise when the Group provides money, goods or services directly to a debtor, and has no intention of trading the receivable or recoverable.

Loans and deposits include loans to other entities (including controlled entities and associates), and bank deposits with maturity dates of more than three months.

Financial assets in this category are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method. Fair value is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date for assets of a similar maturity and credit risk. Receivables or recoverables due in less than 12 months are recognised at their nominal value. A provision for impairment is recognised when there is objective evidence that the asset is impaired. As there are statutory remedies to recover unpaid rates, rates penalties and water meter charges, no provision has been made for impairment in respect of these receivables or recoverables.

Financial assets at fair value through other comprehensive revenue and expense primarily relate to equity investments that are held by the Council for long-term strategic purposes and therefore are not intended to be sold. Within the Group, small shareholdings are held in start-up companies, which are available for sale, until the companies mature or cease operations. Financial assets at fair value through other comprehensive revenue and expense are initially recorded at fair value plus transaction costs. They are subsequently measured at fair value and changes, other than impairment losses, are recognised directly in a reserve within equity. On disposal, the cumulative fair value gain or loss previously recognised directly in other comprehensive revenue and expense is recognised within surplus or deficit.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all of the risks and rewards of ownership.

**Financial Liabilities**

Financial liabilities include payables under exchange transactions, taxes, transfers and borrowings. Financial liabilities with duration of more than 12 months are recognised initially at fair value plus

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transaction costs and subsequently measured at amortised cost using the effective interest rate method. Amortisation is recognised within surplus or deficit. Financial liabilities with duration of less than 12 months are recognised at their nominal value.

On disposal any gains or losses are recognised within surplus or deficit.

The following tables provide an analysis of the Council's financial assets and financial liabilities by reporting category as described in the accounting policies:

	Council		Group	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
<b>Financial assets</b>				
<b>Loans and receivables</b>				
Cash and cash equivalents	94,009	65,913	103,623	75,598
Receivables from exchange transactions	15,806	6,611	16,385	7,492
Recoverables from non-exchange transactions	34,519	33,403	35,414	34,964
Other financial assets	9,139	7,054	9,190	7,101
<b>Total loans and receivables</b>	<b>153,473</b>	<b>112,981</b>	<b>164,612</b>	<b>125,155</b>
<b>Financial assets at fair value through other comprehensive revenue and expense</b>				
Other financial assets	4,041	2,499	5,468	3,900
<b>Total financial assets at fair value through other comprehensive revenue and expense</b>	<b>4,041</b>	<b>2,499</b>	<b>5,468</b>	<b>3,900</b>
<b>Hedged derivative financial instruments</b>				
Derivatives designated as cash flow hedges	-	725	-	725
<b>Total hedged derivative financial instruments</b>	<b>-</b>	<b>725</b>	<b>-</b>	<b>725</b>
<b>Total financial assets</b>	<b>157,514</b>	<b>116,205</b>	<b>170,080</b>	<b>129,780</b>
Total non-financial assets	6,922,590	6,858,478	7,051,339	6,985,521
<b>Total assets</b>	<b>7,080,104</b>	<b>6,974,683</b>	<b>7,221,419</b>	<b>7,115,301</b>
<b>Financial liabilities</b>				
<b>Financial liabilities at amortised cost</b>				
Payables under exchange transactions	43,257	46,098	50,552	48,417
Taxes and transfers payable	10,647	12,241	12,817	12,606
Borrowings	490,484	433,728	490,484	433,731
<b>Total financial liabilities at amortised cost</b>	<b>544,388</b>	<b>492,067</b>	<b>553,853</b>	<b>494,754</b>
<b>Derivative financial instruments</b>				
Derivatives designated as cash flow hedges	38,730	18,187	38,730	18,187
<b>Total derivative financial instruments</b>	<b>38,730</b>	<b>18,187</b>	<b>38,730</b>	<b>18,187</b>
<b>Total financial liabilities</b>	<b>583,118</b>	<b>510,254</b>	<b>592,583</b>	<b>512,941</b>
Total non-financial liabilities	112,485	94,097	111,904	102,048
<b>Total liabilities</b>	<b>695,603</b>	<b>604,351</b>	<b>704,487</b>	<b>614,989</b>

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**Fair value**

The fair values of all financial instruments equate or are approximate to the carrying amount recognised in the Statement of Financial Position.

**Fair value hierarchy**

For those financial instruments recognised at fair value in the Statement of Financial Position, the fair values are determined according to the following hierarchy:

**Level 1** - Quoted market price - Financial instruments with quoted prices for identical instruments in active markets.

**Level 2** - Valuation technique using observable inputs – Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

**Level 3** - Valuation techniques with significant non-observable inputs – Financial instruments valued using models where one or more significant inputs are not observable.

Group	2016			2015		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	\$000	\$000	\$000	\$000	\$000	\$000
<b>Financial assets</b>						
Financial assets at fair value through other comprehensive revenue and expense	-	-	5,468	-	-	3,900
Derivative financial instruments						
- Cash flow hedges	-	-	-	-	725	-
<b>Financial liabilities</b>						
Derivative financial instruments						
- Cash flow hedges	-	38,730	-	-	18,187	-
<b>Reconciliation of fair value movements in Level 3</b>						
				<b>Council</b>		<b>Group</b>
				2016	2015	2016
				\$000	\$000	\$000
<b>Financial assets at fair value through other comprehensive revenue and expense</b>						
- Equity investments						
Opening balance - 1 July			2,499	2,473	3,900	2,473
Opening balance from acquisition			-	-	-	1,008
Purchases			-	-	65	-
Disposals			-	(17)	(18)	(23)
Gains or losses recognised in other comprehensive revenue and expense			1,542	43	1,521	442
<b>Closing balance - 30 June</b>			<b>4,041</b>	<b>2,499</b>	<b>5,468</b>	<b>3,900</b>

The level 3 equity investments comprise the Council's shareholdings in the Local Government Funding Agency \$3.275m (2015: \$1.866m) and Civic Assurance \$0.766m (2015:\$0.633m). Refer to Note 14: Other financial assets (page XX) for more details.



**Financial risk management**

As part of its normal operations, the Group is exposed to a number of risks. The most significant are credit risk, liquidity risk and market risk, which includes interest rate risk. The Group's exposure to these risks and the action that the Group has taken to minimise the impact of these risks is outlined below:

**Credit risk**

Credit risk is the risk that a third party will default on its obligations to the Group, thereby causing a financial loss. The Group is not exposed to any material concentrations of credit risk other than its exposure within the Wellington region. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Statement of Financial Position and the face value of financial guarantees to related parties (refer Note 34: Contingencies (page XX)). There is currently no liability recognised for these guarantees as the Group does not expect to be called upon for payment.

The Group's maximum exposure to credit risk at the end of the reporting period is:

	Council		Group	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
<b>Financial instruments with credit risk</b>				
Cash and cash equivalents	94,009	65,892	103,623	75,564
Derivative financial instrument assets	-	725	-	725
Receivables and recoverables				
- Receivables	15,806	6,611	11,621	7,492
- Recoverables	34,519	33,403	35,414	34,964
Other financial assets				
- Bank deposits - term	-	-	-	-
- LGFA borrower notes	3,728	2,208	3,728	2,208
- Loans to related parties - other organisations	5,096	4,696	5,096	4,668
- Loans to external organisations	315	150	366	225
Financial guarantees to related parties	278	500	278	500
<b>Total financial instruments with credit risk</b>	<b>153,751</b>	<b>114,185</b>	<b>160,126</b>	<b>126,346</b>

Receivables and recoverables balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Council is exposed to credit risk as a guarantor of the LGFA's borrowings. Further information about this exposure is explained in Note 34: Contingencies (page XX).



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**Credit quality of financial assets**

The credit quality of financial assets that are neither past due or impaired can be assessed by reference to Standard and Poor's credit ratings.

Counterparties with credit ratings	Council		Group	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
<b>Cash - registered banks</b>				
AA-	7,986	1,392	13,711	7,622
<b>Short term deposits - registered banks</b>				
AA-	84,500	61,500	88,377	64,942
A+	1,500	3,000	1,500	3,000
<b>Term deposits (greater than 3 months) - registered banks</b>				
AA-	-	-	-	-
<b>Term deposits - borrower notes - NZ LGFA</b>				
AA+	3,728	2,208	3,728	2,208
<b>Derivative financial instrument assets</b>				
AA-	-	725	-	725

**Liquidity risk**

Liquidity risk refers to the situation where the Group may encounter difficulty in meeting obligations associated with financial liabilities. The Group maintains sufficient funds to cover all obligations as they fall due. Facilities are maintained in accordance with the Council's Liability Management Policy to ensure the Group is able to access required funds.

**Contractual maturity**

The following maturity analysis sets out the contractual cash flows for all financial liabilities that are settled on a gross cash flow basis. Contractual cash flows for financial liabilities include the nominal amount and interest payable.

	Council		Group	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
<b>Contractual cash flows of financial liabilities excluding derivatives</b>				
0-12 months	205,279	236,052	214,747	240,730
1-2 years	49,843	49,642	49,843	49,642
2-5 years	162,570	128,050	162,570	128,050
More than 5 years	186,650	136,273	186,650	136,273
<b>Total contractual cash flows of financial liabilities excluding derivatives</b>	<b>604,342</b>	<b>550,017</b>	<b>613,810</b>	<b>554,695</b>
<b>Represented by:</b>				
Carrying amount as per the Statement of Financial Position	544,388	492,422	553,856	497,100
Future interest payable	59,954	57,595	59,954	57,595
<b>Total contractual cash flows of financial liabilities excluding derivatives</b>	<b>604,342</b>	<b>550,017</b>	<b>613,810</b>	<b>554,695</b>

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The following maturity analysis sets out the contractual cash flows for all financial liabilities that are settled on a net cash flow basis. Contractual cash flows for derivative financial liabilities are the future interest payable.

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
<b>Contractual cash flows of derivative financial liabilities</b>				
0-12 months	8,532	5,482	8,532	5,482
1-2 years	8,268	5,651	8,268	5,651
2-5 years	16,795	8,186	16,795	8,186
More than 5 years	9,372	753	9,372	753
<b>Total contractual cashflow of derivative financial liabilities</b>	<b>42,967</b>	<b>20,072</b>	<b>42,967</b>	<b>20,072</b>
<b>Represented by:</b>				
Future interest payable	42,967	20,072	42,967	20,072
<b>Total contractual cash flows of derivative financial liabilities</b>	<b>42,967</b>	<b>20,072</b>	<b>42,967</b>	<b>20,072</b>

In addition to cash to be received in 2016/17 the Council currently has \$121.5m in unused committed bank facilities available to settle obligations as well as \$137.403mm of cash, cash equivalents and receivables and is expected to have sufficient cash to meet all contractual liabilities as they fall due.

The Council is exposed to liquidity risk as a guarantor of all of LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its obligations when they fall due. Information about this exposure is explained in Note 34: Contingencies (page XX).

The Council mitigates exposure to liquidity risk by managing the maturity of its borrowings programme within the following maturity limits:

Period	Minimum	Maximum	Actual
0 - 3 years	20%	60%	37%
3 - 5 years	20%	60%	30%
More than 5 years	15%	60%	33%

**Market risk**

Market risk is the risk that the value of an investment will decrease or a liability will increase due to changes in market conditions. The Group uses interest rate swaps in the ordinary course of business to manage interest rate risks. A Treasury Committee, headed by senior management personnel and the Council's treasury management advisors (presently PWC), provides oversight for financial risk management and derivative activities and ensures any activities are in line with the Liability Management Policy which is formally approved by the Council as part of the Long-Term Plan (LTP).

**Cash flow and fair value interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will decrease due to changes in market interest rates. The Group is exposed to interest rate risk from its interest-earning financial assets and interest-bearing financial liabilities. The Group is risk averse and seeks to minimise exposure arising from its borrowing activities primarily by entering into interest rate swap arrangements to fix interest rates on its borrowings.

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The Group manages its cash flow interest rate risk by using interest rate swaps. These have the economic effect of converting borrowings from floating rates to fixed rates. The Council uses interest rate swaps to maintain a required ratio of borrowing between fixed and floating interest rates as specified in the liability management policy:

Minimum fixed rate	Maximum fixed rate	Actual % of fixed net debt before interest rate swaps	Actual % of fixed net debt after interest rate swaps
50%	95%	6%	92%

The table below shows the effect of the interest rate swaps at reducing the Council's exposure to interest rate risk:

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
<b>Financial instruments subject to interest rate volatility - before effect of interest rate swaps</b>				
Cash and cash equivalents	94,009	65,913	103,623	75,598
Bank deposits - term greater than 3 months	-	-	-	-
Bank facilities - short term	-	(2,000)	-	(2,000)
Bank loans	(3,929)	(3,074)	(3,929)	(3,074)
Commercial paper	(100,000)	(72,000)	(100,000)	(72,000)
Debt securities - floating rate notes	(366,500)	(331,500)	(366,500)	(331,500)
<b>Total financial instruments subject to interest rate volatility - before effect of interest rate swaps</b>	<b>(376,420)</b>	<b>(342,661)</b>	<b>(366,806)</b>	<b>(332,976)</b>
<b>Effect of interest rate swaps in reducing interest rate volatility</b>				
Effect of Cash flow interest rate swaps - hedged	367,500	357,500	367,500	357,500
Effect of Cash flow interest rate swaps - non-hedged	-	-	-	-
<b>Total effect of interest rate swaps in reducing interest rate volatility</b>	<b>367,500</b>	<b>357,500</b>	<b>367,500</b>	<b>357,500</b>
<b>Total financial instruments subject to interest rate volatility - after effect of interest rate swaps</b>	<b>(8,920)</b>	<b>14,839</b>	<b>694</b>	<b>24,524</b>

These interest rate swaps have a nominal value which represents the value of the debt that they are covering (included above). This amount is not recorded in the financial statements; instead the fair value of these interest rate swaps is recognised. This represents the difference between the current floating interest rate and the fixed swap interest rate. At 30 June 2016 the fair value of the interest rate swaps was -\$38.730m (2015: -\$17.462m). This liability will reduce to zero as the swaps reach the end of their lives, and therefore do not represent a liability that the Council will be required to pay cash to settle.

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Given that the interest rate swaps have terms that match with the borrowings (short term bank facilities, commercial paper and debt securities), it is appropriate to include the effect of the interest rate swaps on the borrowings interest rate and present the net effective interest rates for the underlying borrowings:

Weighted effective interest rates	Council		Group	
	2016	2015	2016	2015
	%	%	%	%
<b>Investments</b>				
Cash and cash equivalents	2.99	3.76	2.89	3.47
LGFA - borrower notes	2.80	3.96	2.80	3.96
Loans to related parties	-	-	-	-
Loans to external organisations	-	-	-	-
<b>Borrowings</b>				
Bank facilities - short term	-	4.63	-	4.63
Bank loans	7.00	7.00	7.00	7.00
Commercial paper	2.41	3.65	2.41	3.65
Debt securities - fixed	4.84	4.93	4.84	4.93
Debt securities - floating	2.96	4.22	2.96	4.22
Derivative financial instruments - hedged	4.63	4.76	4.63	4.76
Finance leases	10.22	10.22	10.24	10.24

Loans to related parties, being the loans to the Wellington Regional Stadium Trust and to the Karori Wildlife Sanctuary Trust, are both on interest free terms.

**Sensitivity analysis**

While the Council has significantly reduced the impact of short-term fluctuations on the Group's earnings through interest rate swap arrangements, there is still some exposure to changes in interest rates.

The tables below illustrate the potential surplus and deficit impact of a 1% change in interest rates based on the Council's and the Group's exposures at the end of the reporting period:

Council		2016			
		\$000			
		+1%	-1%	+1%	-1%
Interest rate risk	Note	Effect on Surplus or Deficit		Effect on Other Comprehensive Revenue and Expense	
<b>Financial assets</b>					
Cash and cash equivalents	a	940	(940)	-	-
LGFA - borrower notes		37	(37)	-	-
Derivatives - Interest rate swaps - hedged	b	-	-	-	-
<b>Financial liabilities</b>					
Derivatives - interest rate swaps - hedged	b	-	-	21,400	(23,043)
Debt securities - floating rate notes	c	(960)	960	-	-
Debt securities - fixed rate bonds	d	-	-	-	-
Bank term loans	e	-	-	-	-
Commercial paper	f	(280)	280	-	-
<b>Total sensitivity to interest rate risk</b>		<b>(263)</b>	<b>263</b>	<b>21,400</b>	<b>(23,043)</b>

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**a. Cash and cash equivalents**

Council funds are in a number of different registered bank accounts with interest payable on the aggregation of all accounts. A movement in interest rates of plus or minus 1% has an effect on interest revenue of \$0.940m.

**b. Derivatives - hedged interest rate swaps**

Derivatives include interest rate swaps with a fair value totalling -\$38.730m. A movement in interest rates of plus 1% has an effect on increasing the unrealised value of the hedged interest rate swaps by \$21.400m. A movement in interest rates of minus 1% has an effect on reducing the unrealised value of the hedged interest rate swaps by \$23.045m.

**c. Debt securities - floating rate notes**

Debt securities at floating rates total \$366.500m. The full exposure to changes in interest rates has been reduced because the Council has \$270.500m of this debt at fixed rates through interest rate swaps. A movement in interest rates of plus or minus 1% has an effect on the interest expense of \$0.960m.

**d. Debt Securities - fixed rate bonds**

Council has \$20m of fixed rate bonds which are not exposed to interest rate changes.

**e. Bank Loan**

Council, through its joint venture with Porirua City Council has a bank term loan of \$3.929m. This loan consists of various loans provided to the joint venture through Porirua City Council borrowing. The interest rate applied is fixed at 7% for the joint venture partners and is not subject to interest rate risk.

**f. Commercial paper**

Council has a Commercial Paper programme which is subject to floating rates and totals \$100m. The full exposure to changes in interest rates has been reduced because the Council has \$72m of this debt at fixed rates through interest rate swaps. A movement in interest rates of plus or minus 1% has an effect on the interest expense of \$0.280m.

**Note 33: Commitments**

Capital commitments	Council		Group	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
Approved and contracted - property, plant and equipment	9,771	35,368	9,771	35,369
Approved and contracted - investment properties	130	3	130	3
Approved and contracted - intangibles	461	1,891	461	1,891
Approved and contracted - share of associates	-	-	20,190	12,194
Approved and contracted - share of joint ventures	-	-	-	-
<b>TOTAL CAPITAL COMMITMENTS</b>	<b>10,362</b>	<b>37,262</b>	<b>30,552</b>	<b>49,457</b>

The capital commitments above represents signed contracts in place at the end of the reporting period. The contracts will often span more than one financial year and may include capital expenditure carried forward from 2015/16 to future years.



**Lease commitments**

**Operating leases – Group as lessee**

The Group leases certain items of plant, equipment, land and buildings under various non-cancellable operating lease agreements.

The lease terms are between 2 and 21 years and the majority of the lease agreements are generally renewable at the end of the lease period at market rates.

The amount of minimum payments for non-cancellable operating leases is recognised as an expense in Note 7: Expenditure on operating activities (page XX).

**Relevant significant accounting policies**

Leases where the lessor retains substantially all the risks and rewards of ownership of the leased items are classified as operating leases. Payments made under operating leases are recognised within surplus or deficit on a straight-line basis over the term of the lease. Lease incentives received are recognised within surplus or deficit over the term of the lease as they form an integral part of the total lease payment.

The future expenditure committed by these leases is analysed as follows:

Non-cancellable operating lease commitments as lessee	Council		Group	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
<b>Plant and equipment</b>				
Not later than one year	21	30	238	92
Later than one year and not later than five years	2	19	174	93
Later than five years	-	-	-	-
<b>Land and buildings</b>				
Not later than one year	1,246	821	1,696	1,332
Later than one year and not later than five years	4,121	1,977	4,481	2,477
Later than five years	2,213	1,317	2,213	1,317
<b>TOTAL NON-CANCELLABLE OPERATING LEASE COMMITMENTS AS LESSEE</b>	<b>7,604</b>	<b>4,164</b>	<b>8,803</b>	<b>5,311</b>

**Operating leases – Group as lessor**

The Group has also entered into commercial property leases of its investment property portfolio and other land and buildings.

The land and buildings held for investment purposes are properties which are not held for operational purposes and are leased to external parties.

Ground leases are parcels of land owned by the Group in the central city or on the waterfront that are leased to other parties who own the buildings situated on the land. The leases are generally based on 21-year perpetually renewable terms. As these parcels of land are held for investment purposes the rentals are charged on a commercial market basis.

The land and buildings not held for investment purposes are either used to accommodate the Group's operational activities or are held for purposes such as road widening, heritage, or are being monitored for compliance reasons. In some cases, parts of these assets are leased to external parties on a commercial basis. The terms of these commercial leases generally range from 1 to 15 years.

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**Relevant significant accounting policies**

Rental revenue is recognised on a straight-line basis over the lease term.

The committed revenues expected from these lease portfolios are analysed as follows:

Non-cancellable operating lease commitments as lessor	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
<b>Investment properties</b>				
Not later than one year	9,605	10,026	9,605	10,026
Later than one year and not later than five years	37,258	37,871	37,258	37,871
Later than five years	69,521	78,110	69,521	78,110
	-	-	-	-
<b>Land and buildings</b>				
Not later than one year	2,284	2,892	2,134	2,244
Later than one year and not later than five years	5,576	6,024	5,256	5,327
Later than five years	9,312	9,177	9,305	9,177
<b>TOTAL NON-CANCELLABLE OPERATING LEASE COMMITMENTS AS LESSOR</b>	<b>133,555</b>	<b>144,100</b>	<b>133,079</b>	<b>142,756</b>

**Commitments to related parties**

The Council and Group have no commitments to key management personnel beyond normal employment obligations.

**Note 34: Contingencies**

Contingent liabilities	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
Financial guarantees to community groups	278	500	278	500
Uncalled capital - LGFA	1,866	1,866	1,866	1,866
Other legal proceedings	268	202	268	202
Share of associates' contingent liabilities		-		-
Share of joint ventures' contingent liabilities		-		-
<b>TOTAL CONTINGENT LIABILITIES</b>	<b>2,412</b>	<b>2,568</b>	<b>2,412</b>	<b>2,568</b>

**Contingent assets**

The Council and Group have no contingent assets as at 30 June 2016 (2015: \$Nil).

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**Relevant significant accounting policies**

***Contingent liabilities and contingent assets***

Contingent liabilities and contingent assets are disclosed at the point at which the contingency is evident. Contingent liabilities are disclosed if the possibility they will crystallise is not remote. Contingent assets are disclosed if it is probable the benefits will be realised.

***Financial guarantee contracts***

A financial guarantee contract is a contract that requires the Group to make specified payments to reimburse the contract holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at fair value. The Group measures the fair value of a financial guarantee by determining the probability of the guarantee being called by the holder. The probability factor is then applied to the principal and the outcome discounted to present value.

Financial guarantees are subsequently measured at the higher of the Group's best estimate of the obligation or the amount initially recognised less any amortisation.

**Karori Wildlife Sanctuary Trust (Zealandia)**

The Council has provided a guarantee over a term loan facility to a maximum limit of \$1.550m plus any outstanding interest and enforcement costs. The loan matures 30 June 2020 and repayments are being met on schedule.

**NZ Local Government Funding Agency Limited (LGFA)**

Council is one of 30 local authority shareholders and 8 local authority guarantors of the LGFA. In that regard Council has uncalled capital of \$1.866m. When aggregated with the uncalled capital of other shareholders, \$20m is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, Council is a guarantor of all of LGFA's borrowings. At 30 June 2016, LGFA had borrowings totalling \$6,220m (2015: \$4,955m).

Financial reporting standards require Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of LGFA defaulting on repayment of interest or capital to be very low on the basis that we are not aware of any local authority, which is a member of the LGFA, that has had debt default events in New Zealand; and local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required. Council considers that even if it was called upon to contribute the cost would not be material.

**Other legal proceedings**

Other legal proceedings are current claims against the Council and Group as a result of past events which are currently being contested. The amounts shown reflect potential liability for financial reporting purposes only and do not represent an admission that any claim is valid. The outcome of these remains uncertain at the end of the reporting period. The maximum exposure to Council is anticipated to be less than \$0.268m.

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**Unquantified contingent liabilities**

The Government's Weathertight Homes Financial Assistance Package aims to help people get their non-weather-tight homes fixed faster, and centres on the Government and local authorities each contributing 25% of agreed repair costs and affected homeowners funding the remaining 50% backed by a Government loan guarantee. A provision for known claims and future claims has been made (refer to Note 25: Provisions for other liabilities (page XX)). The impact and cost of future and unknown claims cannot be measured reliably and therefore the Council and Group have an unquantified contingent liability.

On 11 October 2012 the Supreme Court of New Zealand released a decision clarifying that councils owe a duty of care when approving plans and inspecting construction of a building which was not purely a residential building. The Court held that there was no principled basis for distinguishing between the liability of those who played a role in the construction of residential buildings as against the construction of non-residential buildings. This extends the scope of the potential liability for the Council to include non-residential buildings consented under the Building Act 1991.

Through the process of working with our actuaries, it has been identified that due to a lack of historical and current information relating to non-residential building claims, a reliable estimate of any potential liability cannot be quantified at this time.

There are various other claims that the Council and Group are currently contesting which have not been quantified due to the nature of the issues, the uncertainty of the outcome and/or the extent to which the Council and Group have a responsibility to the claimant. The possibility of any outflow in settlement in these cases is assessed as remote.

**Note 35: Jointly controlled assets**

The Council has significant interests in the following joint ventures:

Joint Venture	Interest 2016	Interest 2015	Nature of business
Wastewater treatment plant – Porirua City Council	27.60%	27.60%	Owns and operates a wastewater treatment plant and associated trunk sewers and pumping stations that provide services to Wellington City's northern suburbs.
Spicer Valley Landfill – Porirua City Council	21.50%	21.50%	Owns and operates a sanitary landfill that provides services to Wellington City's northern suburbs.

The end of the reporting period for the joint ventures is 30 June. Included in the financial statements are the following items that represent the Council's and Group's interest in the assets and liabilities of the joint ventures.

**Relevant significant accounting policies**

For a jointly controlled asset the Council has a liability in respect of its share of joint ventures' operational deficits and liabilities, and shares in any operational surpluses and assets. The Council's proportionate interest (ie 21.5% of the Spicer Valley landfill) in the assets, liabilities, revenue and expenditure is included in the financial statements of the Council and Group on a line-by-line basis.

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Share of Net Assets - Porirua City Council Joint Ventures (PCCJV)	2016 \$000	2015 \$000
<b>ASSETS</b>		
<b>Current</b>		
Inventory	42	59
Receivables and recoverables	1,420	1,657
<b>Non-current</b>		
Property, plant and equipment	22,249	20,680
<b>Share of total assets</b>	<b>23,711</b>	<b>22,396</b>
<b>LIABILITIES</b>		
<b>Non-current</b>		
Borrowings	3,929	3,074
Provisions for other liabilities	2,029	1,595
<b>Share of total liabilities</b>	<b>5,958</b>	<b>4,669</b>
<b>SHARE OF NET ASSETS</b>	<b>17,753</b>	<b>17,727</b>

The Council's and Group's share of the joint ventures' current year net surplus and revaluation movements (after elimination) included in the financial statements are shown below.

Share of Net Surplus and Revaluation Movements - PCCJV	2016 \$000	2015 \$000
Operating revenue	3,016	3,014
Operating expenditure	(2,990)	(2,699)
<b>Share of net surplus or (deficit)</b>	<b>26</b>	<b>315</b>
<b>Share of current year revaluation movement</b>	<b>-</b>	<b>24</b>

The Council's and Group's share of the joint ventures' capital commitments is \$Nil (2015: \$Nil) and contingent liabilities is \$Nil (2015: \$Nil).



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**Note 36: Related party disclosures**

**Relevant significant accounting policies**

Related parties arise where one entity has the ability to affect the financial and operating policies of another through the presence of control or significant influence. Related parties include all members of the Group (controlled entities, associates and joint ventures) and key management personnel.

Key management personnel include the Mayor and Councillors as elected members of the governing body of the Council reporting entity, the Chief Executive and all members of the Executive Leadership Team, being key advisors to the Council and Chief Executive.

**Key management personnel**

In this section, the Council discloses the remuneration and related party transactions of key management personnel. The remuneration payable to key management personnel of the Group's other entities is disclosed separately within their individual financial statements and is not included in the following table.

Remuneration paid to key management personnel	Council	
	2016	2015
	\$	\$
<b>Council Members</b>		
Short-term benefits	1,464,085	1,434,782
<b>Chief Executive and Executive Leadership Team</b>		
Short-term employee benefits	2,335,591	2,362,735
Post employment benefits	48,109	55,359
Termination benefits	-	-
<b>TOTAL REMUNERATION PAID TO KEY MANAGEMENT PERSONNEL</b>	<b>3,847,786</b>	<b>3,852,876</b>

Key management personnel comprise 23 individuals: 15 elected members or 15 fulltime equivalents and 8 executive leaders or 8 fulltime equivalents.

For further disclosure of the remuneration payable to the Mayor, Councillors and the Chief Executive refer to Note 37: Remuneration and staffing (page XX).

**Material related party transactions – key management personnel**

During the year key management personnel, as part of normal local authority relationships, were involved in transactions with the Council such as payment of rates and purchases of rubbish bags or other Council services

These transactions were on normal commercial terms. Except for these transactions no key management personnel have entered into related party transactions with the Group.

The Mayor and Councillor's disclose their personal interests in a register available on the Council Website.

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There are no commitments from Council to key management personnel.

**Material related party transactions – other organisations**

***Basin Reserve Trust (BRT)***

The Basin Reserve Trust was established on 24 February 2005 to manage, operate and maintain the Basin Reserve. The Trust was jointly created with Cricket Wellington Incorporated (CWI). Wellington City Council and CWI each appoint two of the four trustees. Wellington City Council has significant influence over the Trust through the appointment of trustees, and receives benefits from the complementary activities of the Trust.

The Council considers the Trust does not meet the requirements of PBE IPSAS 7 *Investments in Associates* to enable continued consolidation on an equity accounted basis. The Trust is still identified as an associate given the Council's level of influence and financial support but due to the lack of an equity investment the Council believes it is not appropriate to include the Trust in the Group financial statements.

During the year ending 30 June 2016 Council contributed \$0.368m (2015: \$0.368m) to fund the operations of the Trust.

***NZ Local Government Funding Agency Limited (LGFA)***

The LGFA was incorporated on 1 December 2011 and was established to facilitate the efficient, and cost effective, raising of debt funding for local government authorities. There are currently 30 regional, district and city councils throughout New Zealand that own 80% of the issued capital, with the Government holding the remaining 20%. The Council became an establishment shareholder in this Council Controlled Trading Organisation (CCTO) and currently has an investment of \$1.866m representing 8.3% of paid-up capital.

***Karori Wildlife Sanctuary Trust (Zealandia)***

The Council has influence in the governance, funding and operations of the Karori Wildlife Sanctuary Trust (trading as Zealandia) which is not part of the Group, to the extent that it is considered appropriate to disclose the nature of the transactions as being between related parties. The Council appoints two of the five trustees including the Chair.

Operational funding of \$0.875m (2015: \$0.875m) was made during the year to 30 June 2016.

***Wellington Regional Stadium Trust (WRST)***

Wellington Regional Stadium Trust was jointly created with Greater Wellington Regional Council and Wellington City Council has significant influence over the Wellington Regional Stadium Trust through the appointment of trustees and receives benefits from the complementary activities of the Trust.

The Council considers the Trust does not meet the requirements of PBE IPSAS 7 *Investments in Associates* to enable continued consolidation on an equity accounted basis. The Trust is still identified as an associate given the Council's level of influence and financial support but due to the lack of an equity investment the Council believes it is not appropriate to include the Trust in the Group financial statements.

Council holds a \$15m limited recourse loan to WRST which, is unsecured, with no specified maturity and at no interest. The loan is not repayable until all other debts are extinguished.

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On maturity of the initial WRST membership underwrite, the unpaid interest was converted to a \$0.395m advance repayable after all other advances made by the Council and Greater Wellington Regional Council.

During the year ending 30 June 2016 Council transacted directly with WRST to the amount of \$0.275m (2015: \$0.577m) in support of major events.

**Intra group transactions and balances**

During the year the Council has entered into transactions with its joint venture partner Porirua City Council. These transactions disclosed are within the normal course of business. The nature of these intra-group transactions and the outstanding balances at the year-end are as follows:

<b>Intra group transactions and balances - Jointly controlled assets</b>		<b>2016</b>	<b>2015</b>
		<b>\$000</b>	<b>\$000</b>
<b>Expenditure incurred by the Council to fund the operation and management of:</b>			
	Porirua - waste water treatment plant	2,023	1,756

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During the year the Council has entered into transactions with its controlled entities. These transactions disclosed are within the normal course of business. The nature of these intra-group transactions and the outstanding balances at the year-end are as follows:

<b>Intra group transactions and balances - Controlled entities</b>		<b>2016</b>	<b>2015</b>
		<b>\$000</b>	<b>\$000</b>
<b>Revenue for services provided by the Council to:</b>			
Positively Wellington Tourism		24	530
Positively Wellington Waterfront		-	139
Wellington Cable Car Limited		309	106
Wellington Museums Trust		1,436	1,496
Wellington Regional Economic Development Agency		306	184
Wellington Zoo Trust		841	664
		<b>2,916</b>	<b>3,119</b>
<b>Grant funding by Council for the operations and management of:</b>			
Positively Wellington Tourism		-	3,253
Wellington Cable Car Limited		1,500	-
Wellington Museums Trust		8,313	8,226
Wellington Regional Economic Development Agency		7,135	3,378
Wellington Zoo Trust		2,894	2,757
		<b>19,842</b>	<b>17,614</b>
<b>Expenditure for services provided to the Council by:</b>			
Positively Wellington Tourism		-	121
Positively Wellington Waterfront		-	21
Wellington Cable Car Limited		32	134
Wellington Museums Trust		2,476	3,429
Wellington Regional Economic Development Agency		6,013	6,495
Wellington Zoo Trust		2,749	3,022
		<b>11,270</b>	<b>13,222</b>
<b>Current receivables and recoverables owing to the Council from:</b>			
Positively Wellington Waterfront		-	139
Wellington Cable Car Limited		-	3
Wellington Museums Trust		161	183
Wellington Regional Economic Development Agency		6	3
Wellington Zoo Trust		213	608
		<b>380</b>	<b>936</b>
<b>Current payables owed by the Council to:</b>			
Wellington Cable Car Limited		419	27
Wellington Museums Trust		171	579
Wellington Regional Economic Development Agency		729	628
Wellington Zoo Trust		196	221
		<b>1,515</b>	<b>1,455</b>

***Current receivables, recoverables and payables***

The receivable, recoverable and payable balances are non-interest bearing and are to be settled with the relevant entities on normal trading terms and conditions.

***Payments to controlled entities***

The total payments to controlled entities are \$31.112m when the grant funding of \$19.842m and expenditure for services provided to Council of \$11.270m are combined.

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During the year the Council has entered into several transactions with its associates and jointly controlled entity. These transactions disclosed are within the normal course of business. The nature of these intra-group transactions and the outstanding balances at the year-end are as follows:

	2016	2015
	\$000	\$000
<b>Intra group transactions and balances - Associates and jointly controlled entity</b>		
<b>Dividend received from:</b>		
Wellington International Airport Limited	12,059	12,950
<b>Revenue for services provided by the Council to:</b>		
Wellington Water Limited	-	83
<b>Expenditure for services provided to the Council from:</b>		
Wellington International Airport Limited	2,179	72
Wellington Water Limited	22,348	18,046
	<b>24,527</b>	<b>18,118</b>
<b>Current receivables and recoverables owing to the Council from:</b>		
Wellington Water Limited	-	15
<b>Current payables owed by the Council to:</b>		
Wellington International Airport Limited	-	2
Wellington Water Limited	2,078	293
	<b>2,078</b>	<b>295</b>

**Current receivables, recoverables and payables:**

The receivable, recoverable and payable balances are non-interest bearing and are to be settled with the relevant entities on normal trading terms and conditions.

**Planned and approved future expenditure to related parties**

The Council has included in its 2016/17 Annual Plan the extent of operational funding to its controlled entities and other related parties to be as follows:

<b>Council</b>	<b>2017 Annual Plan \$000</b>
<b>Controlled entities</b>	
Wellington Cable Car Limited	1,000
Wellington Museums Trust (including Carter Observatory)	8,487
Wellington Regional Economic Development Agency	11,678
Wellington Zoo Trust	3,044
<b>Total controlled entities</b>	<b>24,209</b>
<b>Other related parties</b>	
Basin Reserve Trust	633
Karori Wildlife Sanctuary Trust (Zealandia)	875
Wellington Regional Stadium Trust	5,000
<b>Total other related party commitments</b>	<b>6,508</b>
<b>Total other related parties</b>	<b>30,717</b>

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**Note 37: Remuneration and staffing**

**Mayoral and Councillor remuneration**

**Relevant significant accounting policies**

Remuneration of elected members comprises any money, consideration or benefit received or receivable or otherwise made available, directly or indirectly, during the reporting period but does not include reimbursement of authorised work expenses or the provision of work-related equipment such as cell phones and laptops.

**Remuneration**

The following people held office as elected members of the Council's governing body, during the reporting period. The total remuneration attributed to the Mayor and Councillors during the year from 1 July 2015 to 30 June 2016 was \$1,460,085 (2015: \$1,434,782) and is broken down and classified as follows:

Council Member	Monetary Remuneration		Non-monetary Remuneration	Total
	Salary	Allowances		
	\$	\$		
Ahipene-Mercer, Ray	88,985	360	2,200	91,545
Coughlan, Jo	94,450	-	2,200	96,650
Eagle, Paul	94,450	360	2,200	97,010
Foster, Andy	94,450	360	2,200	97,010
Free, Sarah	85,325	360	2,200	87,885
Lee, David	85,325	360	2,200	87,885
Lester, Justin	105,560	360	2,200	108,120
Marsh, Simon	88,985	360	2,200	91,545
Pannett, Iona	94,450	360	2,200	97,010
Peck, Mark	85,325	360	2,200	87,885
Ritchie, Helene	85,325	360	2,200	87,885
Sparrow, Malcolm	85,325	360	2,200	87,885
Wade-Brown, Celia (Mayor)	167,800	-	2,200	170,000
Wolf, Simon	85,325	360	2,200	87,885
Young, Nicola	85,325	360	2,200	87,885
<b>TOTAL REMUNERATION PAID TO COUNCIL MEMBERS</b>	<b>1,426,405</b>	<b>4,680</b>	<b>33,000</b>	<b>1,464,085</b>
			<b>Total monetary remuneration</b>	<b>1,431,085</b>
			<b>Total non- monetary remuneration</b>	<b>33,000</b>

**Salary**

The Remuneration Authority is responsible for setting the remuneration levels for elected members (Clause 6, Schedule 7 of the Local Government Act 2002). The Council's monetary remuneration (salary) detailed above was determined by the Remuneration Authority. As permitted under the Authority's guidelines the Council has chosen for its elected members to receive an annual salary for the 2015/16 financial year rather than the alternative option of a combination of meeting fee payments and annual salary.

**Taxable and non-taxable allowances - broadband services and mobile phones**

Councillors are able to choose either of the following two options:

The payment of a communication allowance of \$30 per month; or the reimbursement of any Council related communication costs, over and above any communication costs they would normally incur, payable on receipt of the appropriate documentation required under the provisions of the Remuneration Authority's

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determination. Both the allowance and reimbursement options are non-taxable. Only the payments under the allowance option have been included as remuneration in the schedule above.

The level of all allowances payable to the Council's elected members has been approved by the Remuneration Authority and is reviewed by the Authority on an annual basis. The Remuneration Authority does permit Council to provide the Mayor with a vehicle for full private use, which would be a taxable benefit; however the current Mayor has declined to take up this option.

**Non-monetary**

In addition, the Mayor and Councillors receive non-monetary remuneration in relation to car parking space provided. The Councillors have shared office and working space available for use, and access to phones and computers. Professional indemnity and trustee liability insurance is also provided to Councillors against any potential legal litigation which may occur while undertaking Council business.

**Community Boards**

The Council has two community boards – the Tawa Community Board and the Makara/Ohariu Community Board. Remuneration paid to the elected members of these boards is as follows:

<b>Community Board Member</b>	<b>Salary</b>	<b>Allowances</b>	<b>Other</b>	<b>Total 2016</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>TAWA COMMUNITY BOARD</b>				
Tredger, Robert (Chair)	17,600	540	-	18,140
Lucas, Margaret (Deputy Chair)	8,800	-	-	8,800
Hansen, Graeme	8,800	-	-	8,800
Herbert, Richard	8,800	-	-	8,800
Lester, Justin ( see Councillor remuneration above)		-	-	-
Marshall, Jack (includes Youth Council attendance fee)	8,800	-	660	9,460
Sutton, Alistair	8,800	-	-	8,800
Sparrow, Malcolm (see Councillor remuneration above)		-	-	-
<b>MAKARA-OHARIU COMMUNITY BOARD</b>				
Grace, Christine (Chair)	9,000	540	-	9,540
Burden, Murray	4,500	-	-	4,500
Liddell, Judy	4,500	-	-	4,500
Rudd, Wayne	4,500	-	-	4,500
Scotts, Margie	4,500	-	-	4,500
Todd, Hamish	4,500	-	-	4,500
<b>TOTAL REMUNERATION TO COMMUNITY BOARD MEMBERS</b>	<b>93,100</b>	<b>1,080</b>	<b>660</b>	<b>94,840</b>

A technology allowance of \$45 per month is available to the chair of both the Tawa and Makara/Ohariu Community Boards. This allowance can be taken as either an allowance or as an actual expense reimbursement. Both options are non-taxable but only payments under the allowance option are included in the above remuneration table.

Malcolm Sparrow was the previous Chair of the Tawa Community Board, before his election to the Council.

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**Chief Executive's remuneration**

The Chief Executive of the Council was appointed in accordance with section 42 of the Local Government Act 2002.

The table below shows the total remuneration of the Chief Executive paid or payable for the year ended 30 June 2016.

Under the terms of his agreement, the Chief Executive of the Council chooses how he wishes to take his remuneration package (salary only or a combination of salary and benefits).

Remuneration of the Chief Executive	Council	
	2016	2015
	\$	\$
<b>Short-term employee benefits</b>		
<b>Kevin Lavery</b>		
Salary	413,160	405,000
Motor vehicle park	3,000	3,000
<b>TOTAL REMUNERATION OF THE CHIEF EXECUTIVE</b>	<b>416,160</b>	<b>408,000</b>

**Severances**

In accordance with Schedule 10, section 33 of the Local Government Act 2002, the Council is required to disclose the number of employees who received severance payments during the year and the amount of each severance payment made.

Severance payments include any consideration (monetary and non-monetary) provided to any employee in respect of the employee's agreement to the termination of their employment with the Council. Severance payments exclude any final payment of salary, holiday pay and superannuation contributions.

For the year ending 30 June 2016 the Council made severance payments to 18 employees totalling \$226,458 (2015: 13 employees, \$227,468).

The individual values of each of these severance payments are: \$890; \$998; \$2,294; \$3,100; \$4,500; \$4,589; \$5,941; \$6,521; \$6,902; \$8,000; \$11,185; \$13,962; \$20,000; \$23,000; \$25,000; \$28,000; \$29,576; \$32,000.

**Financial Statements**

**Employee numbers and remuneration bands**

The following table identifies the number of full time employees as at the of the reporting period and the full time equivalent number of all other part-time, fixed term and casual employees. The table further identifies the breakdown of remuneration levels of those employees into various bands.

	Council	
	2016	2015
<b>Full-time and full-time equivalent employee numbers</b>		
Full-time employees (based on a 40 hour week) as at 30 June	1,059	1,020
Full-time equivalents for all other non full-time employees	237	244
<b>Remuneration bands</b>		
The number of employees receiving total annual remuneration of less than \$60,000	1105	1,084
The number of employees receiving total annual remuneration of more than \$60,000 in bands of \$20,000		
\$60,000 - \$79,999.99	274	277
\$80,000 - \$99,999.99	178	152
\$100,000 - \$119,999.99	78	84
\$120,000 - \$139,999.99	43	53
\$140,000 - \$159,999.99	35	20
\$160,000 - \$179,999.99	13	13
\$180,000 - \$199,999.99		6
\$180,000 - \$219,999.99*	10	
\$200,000 - \$239,999.99*		6
\$220,000 - \$299,999.99*	7	
\$240,000 - \$319,999.99*		8
\$300,000 - \$419,999.99*	5	
\$320,000 - \$419,999.99*		2
<b>TOTAL EMPLOYEES</b>	<b>1,748</b>	<b>1,705</b>

Of the 1,748 (2014: 1,705) individual employees 685 (2015: 685) work part-time or casually.

Total annual remuneration has been calculated to include any non-financial benefits and other payments in excess of normal remuneration such as the employer Kiwisaver contribution.

*\*If the number of employees for any band was 5 or less then we are legally required to combine it with the next highest band. This means that some rows span different bands across the two years shown.*

**Financial Statements**

Council has resolved that in addition to legislative requirements to disclose the above bandings it has also included the 2 lowest remuneration grades.

Grade	Salary Range	2016	2015
B1	\$32,620 - \$44,493	152	176
B2	\$32,954 - \$52,045	627	559

The current living wage rate for WCC is \$18.55. Each year the living wage rate for WCC is reviewed in accordance with the CPI rate for salary and wages.

As at 30 June 2016, 77 council staff (excluding apprentices) were being paid under \$18.55 per hour. This reflects the number of trainees we have, who are presently working through a competency based training programme. The intention is that all staff should achieve \$18.55 within a 6 - 12 month period. Whilst the entry point for B2 is \$18.55 (excluding those on training rates) the average for B2 is \$19.84.

**Note 38: Events after the end of the reporting period**

There are no events after the end of the reporting period that require adjustment to the financial statements or the notes to the financial statements.

**Other Significant Accounting Policies**

The following accounting policies are additional to the disclosures and accounting policies that are included within the relevant specific Notes forming part of the financial statements.

**Basis of preparation**

**Measurement base**

The measurement basis applied is historical cost, modified by the revaluation of certain assets and liabilities as identified in the accounting policies. The accrual basis of accounting has been used unless otherwise stated.

For the assets and liabilities recorded at fair value, fair value is defined as the amount for which an item could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's-length transaction. For investment property, non-current assets classified as held for sale and items of property, plant and equipment which are revalued, the fair value is determined by reference to market value. The market value of a property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction.

Amounts expected to be recovered or settled more than one year after the end of the reporting period are recognised at their present value. The present value of the estimated future cash flows is calculated using applicable inflation factors and a discount rate.

The financial statements are presented in New Zealand dollars, rounded to the nearest thousand (\$000), unless otherwise stated.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

Wellington City Council Annual Report 2015/16



**Financial Statements**

**Exchange and non-exchange transactions**

***Revenue from exchange transactions***

Revenue from exchange transactions arises where the Council provides goods or services to another entity or individual and directly receives approximately equal value in a willing arm's length transaction (primarily in the form of cash in exchange).

***Revenue from non-exchange transactions***

Revenue from non-exchange transactions arises from transactions that are not exchange transactions. Revenue from non-exchange transaction arises when the Council receives value from another party without giving approximately equal value directly in exchange for the value received.

An inflow of resources from a non-exchange transaction recognised as an asset, is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As Council satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction

***Approximately equal value***

Approximately equal value is considered to reflect a fair or market value, which is normally considered as an arm's length commercial transaction between a willing buyer and willing seller. Some goods or services that Council provides (eg the sale of goods at market rates) are defined as being exchange transactions. Only a few services provided by Council operate on a full user pays (eg Parking), cost recovery or breakeven basis and these are considered to be exchange transactions unless they are provided at less than active and open market prices.

Most of the services that Council provides for a fee, are subsidised by rates (eg. The cost to swim in a Council pool) and therefore do not constitute an approximately equal exchange. Accordingly most of Council's revenue is categorised as non-exchange.

**Change of accounting policies**

There have been no elected changes in accounting policies during the financial period. The first time adoption of the new suite of PBE accounting standards after having previously applied NZ IFRS PBE does not constitute a change in accounting policies.

**Change to accounting standards**

For the year ending 30 June 2015, the new suite of Public Sector Public Benefit Entity accounting standards was adopted for the first time. From 1 July 2015 a revised suite that included enhanced guidance for Not-for-Profit Public Benefit entities was adopted. The adoption of these revised standards has not had any significant impact on the Group.

**Standards, amendments and interpretations issued but not yet effective and early adopted**

Standards, amendments and interpretations issued but not yet effective until years ending 31 December 2016 that have been early adopted and which are relevant to the Group are:

- 1) 2015 Omnibus Amendments to PBE Standards - This standard amends a number of individual PBE Standards to align the PBE Standards with NZ IFRS and IPSAS as a consequence of IASB and IPSASB's annual improvement amendments. There is no obvious difference in these financial statements as a result of early adoption.
- 2) Disclosure Initiative (amendments to PBE IPSAS 1) – This standard sets out amendments to PBE IPSAS 1 *Presentation of Financial Statements* and consequential amendments to PBE IPSAS 30 *Financial Instruments: Disclosures* and PBE IAS 34 *Interim Financial Reporting*.

**Financial Statements**

The amendments clarify existing PBE IPSAS 1 requirements that relate to materiality; the order of the notes; subtotals; accounting policies and disaggregation. The obvious differences in these financial statements as a result of early adoption are firstly, a re-ordered set out of financial statements, notes and accounting policies and secondly a number of smaller notes or tables have been left out on the basis of materiality.

**Judgements and estimations**

The preparation of financial statements using PBE accounting standards requires the use of judgements, estimates and assumptions. Where material, information on the main assumptions is provided in the relevant accounting policy or in the relevant note.

The estimates and assumptions are based on historical experience as well as other factors that are believed to be reasonable under the circumstances. Subsequent actual results may differ from these estimates.

The estimates and assumptions are reviewed on an ongoing basis and adjustments are made where necessary.

Judgements that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the relevant notes. Significant judgements and estimations include landfill post-closure costs, asset revaluations, impairments, certain fair value calculations and provisions.

**Goods and Services Tax (GST)**

All items in the financial statements are exclusive of GST, with the exception of receivables, recoverables and payables, which are stated as GST inclusive. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

**Budget figures**

The Annual Plan budget figures included in these financial statements are for the Council as a separate entity. The Annual Plan figures do not include budget information relating to controlled entities or associates. These figures are those approved by the Council at the beginning of each financial year following a period of consultation with the public as part of the Annual Plan process. These figures do not include any additional expenditure subsequently approved by the Council outside the Annual Plan process. The Annual Plan figures have been prepared in accordance with GAAP and are consistent with the accounting policies adopted by the Council for the preparation of these financial statements.

**Comparatives**

To ensure consistency with the current year, certain comparative information has been reclassified where appropriate. This has occurred:

- where classifications have changed between periods;
- where the Council has made additional disclosure in the current year, and where a greater degree of disaggregation of prior year amounts and balances is therefore required; and
- where there has been a change of accounting policy (There has been no change in the 2015/16 year).

## **FINANCIAL PRUDENCE**

The government has introduced the Local Government (Financial Reporting and Prudence) Regulations 2014, which have a series of measures and benchmarks that are disclosed in the following pages.

Readers are encouraged to read the commentary and explanations provided to give context to the information, as it is not always possible to compare Wellington City Council's results with other councils due to their size, location and provision of services.

During the Long-term Plan 2015–25 (LTP) process, and with consultation with ratepayers, we revised the number of benchmarks and removed measures that were similar in nature.

### **Annual report disclosure statement for year ending 30 June 2016**

#### ***What is the purpose of this statement?***

The purpose of this statement is to disclose the Council's financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

Unless prescribed by the regulations, the quantified limit for each benchmark is calculated using the financial information from the LTP.

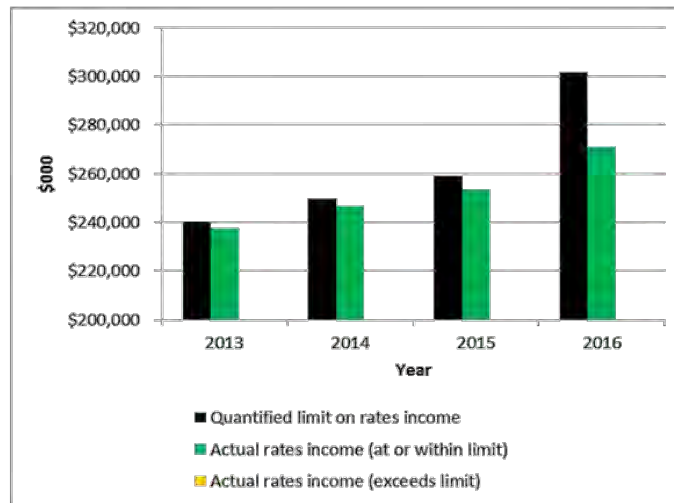
#### ***Rates affordability benchmark***

The Council meets the rates affordability benchmark if:

- its actual rates income equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

#### ***Rates (income) affordability***

The following graph compares the Council's actual rates increases with a quantified dollar limit on rates increases included in the financial strategy included in the Council's long-term plan. The quantified limit for 2015/16 is \$301,552,000.

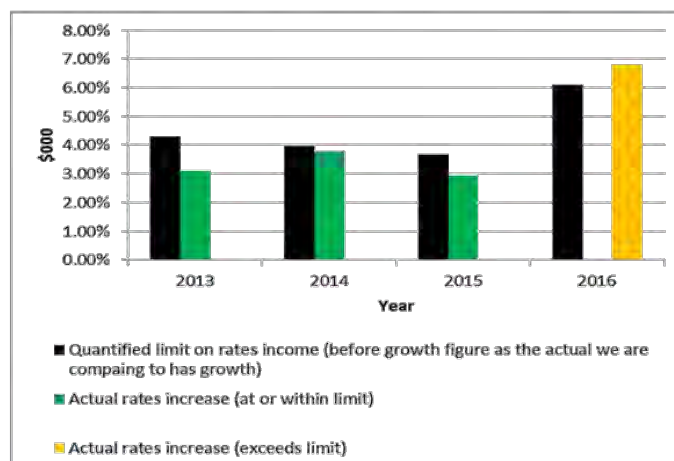


Note: the quantified limit was set at \$301,552,000 for the first 3 years of the LTP on the basis that this would equate to an average annual rates increase of 4.9% (after growth) over this 3-year period.

#### Rates (increases) affordability

The following graph compares the Council's actual rates increases with a quantified limit on rates increases included in the financial strategy in the Council's long-term plan. The quantified limit for 2015/16 is 6.10% before growth and 4.9% after growth.

Actual rates revenue was 0.7% higher than budget due to more water being consumed by the commercial sector than budgeted, resulting in higher actual water rates by meter income. If water rates by meter income was excluded the actual rates increase would be in line with budget.



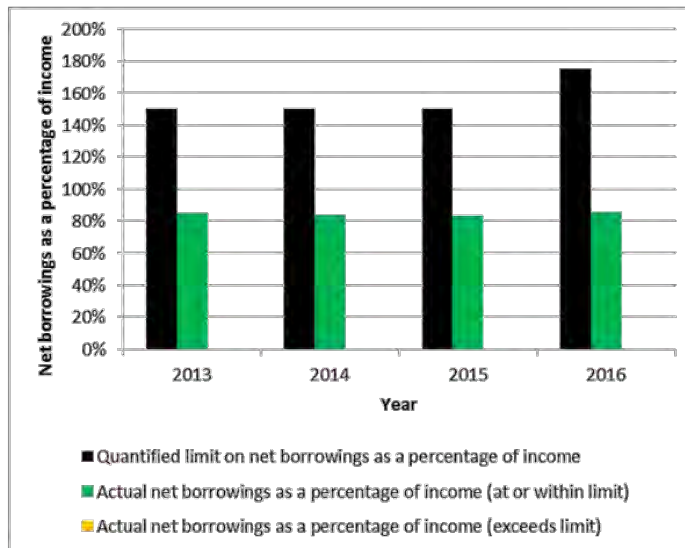
**Debt affordability benchmark**

The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. We have seven measures for debt affordability and these are set out below. The suitability of these measures has been assessed by the Council’s professional advisers, PricewaterhouseCoopers Wellington.

**Net borrowing as a percentage of income<sup>1</sup>**

The following graph compares the Council’s actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council’s long-term plan.

The quantified limit is net borrowings, comprised of borrowings less cash and cash equivalents, being less than or equal to 175% of income. For this measure, income is defined as total revenue less vested assets and development contribution income.



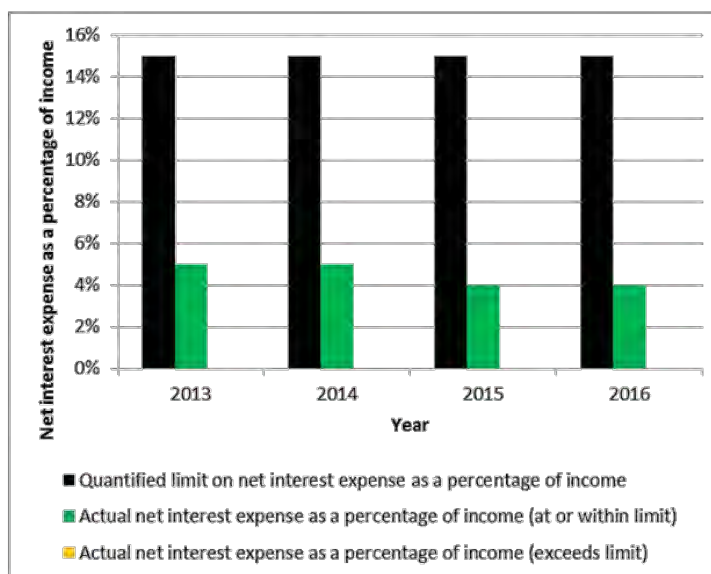
<sup>1</sup> The income figure used for this calculation of Net Borrowing as percentage of Income and Net Interest as a percentage of Income is Total Income less Vested Assets and Development Contribution Income. The Council has also deducted variable capital grants it receives for social housing from these calculations.



**Net interest as a percentage of income<sup>1</sup>**

The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the LTP.

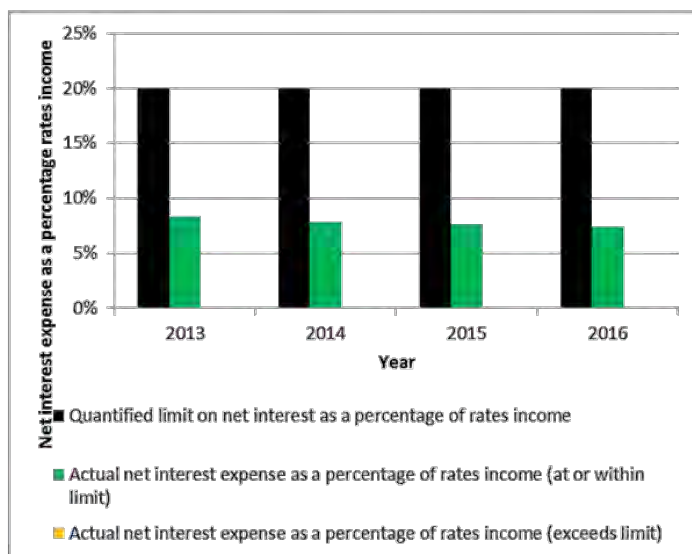
The quantified limit is net interest, defined as interest expense less interest income, being less than or equal to 15% of income. For this measure, income is defined as total revenue less vested assets and development contribution income.



**Net interest as a percentage of annual rates income**

The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the LTP.

The quantified limit is net interest, defined as interest expense less interest income, being less than or equal to 20% of annual rates income.



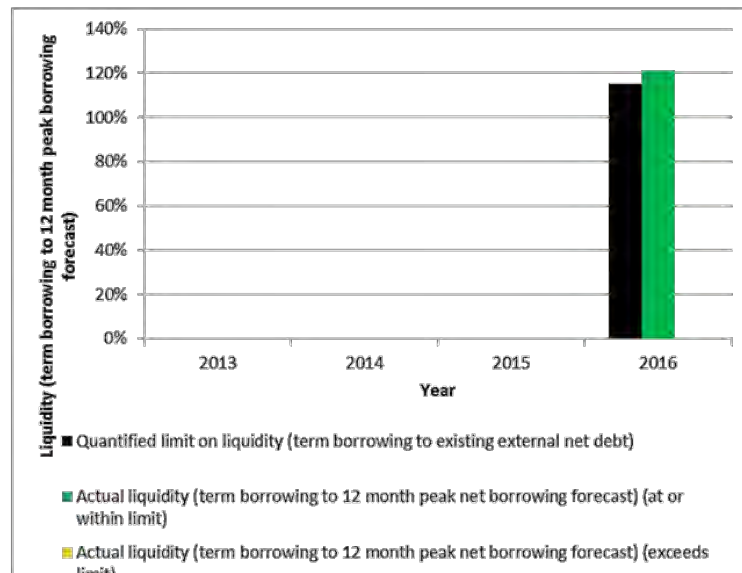
**Liquidity (term borrowing + committed loan facilities to existing external net debt)**

The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the LTP.

The quantified limit is liquidity being greater than or equal to 115%. For debt affordability, liquidity is the total of the Council's existing external net debt.

Net borrowings for debt affordability are defined as borrowings less cash and cash equivalents.

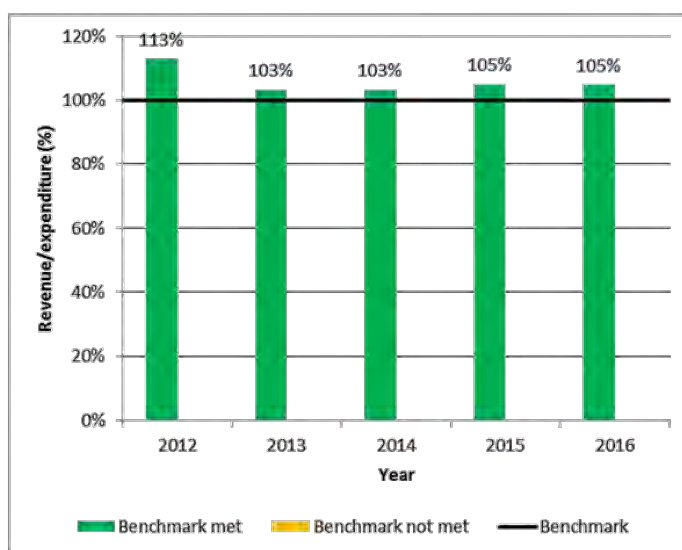
Note: this measure is new for 2015/16.



**Balanced budget benchmark**

The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

The Council meets this benchmark if its revenue equals or is greater than its operating expenses.

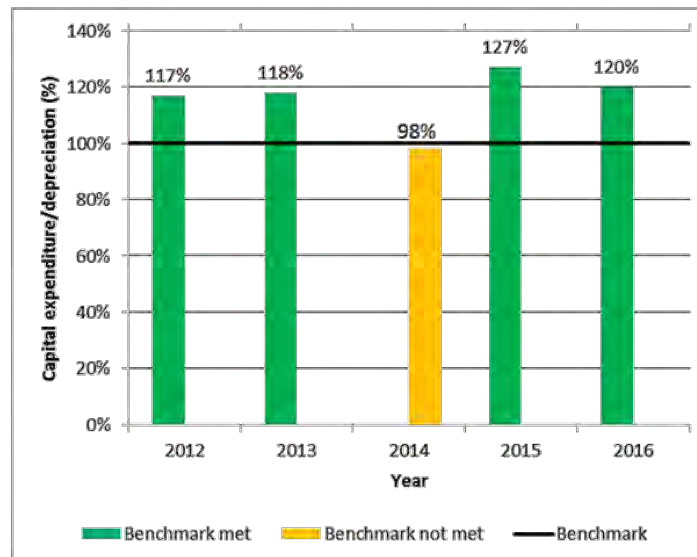


**Essential services benchmark**

The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services.

The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.

Although for 2013/14 it appears to show that the Council has “not met” the benchmark, included within the depreciation figure there is a depreciation amount for Moa Point Treatment Plant, which is under an arrangement where the assets are managed by a third party who will return the assets to the Council in the same condition that they were at the start of the arrangement. Therefore there is no capital expenditure undertaken by Council in relation to those assets. If the depreciation attributable to those assets were excluded from the calculation, then the benchmark measure would show that the Council had “met” the target by achieving 104% for 2013/14.

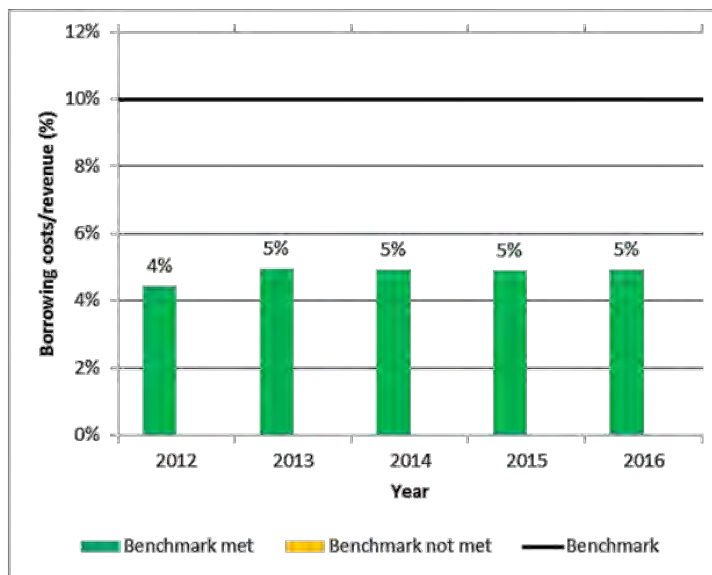




**Debt servicing benchmark**

The following graph displays the Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

Because Statistics New Zealand projects the Council's population will grow as fast as the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



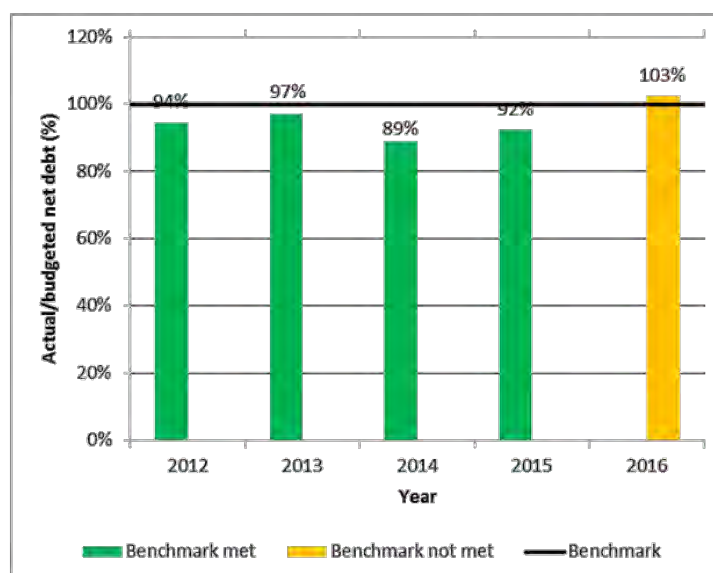
**Debt control benchmark**

The following graph displays the Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.

The calculation of net debt includes derivative (non-cash) financial instruments, predominantly cash flow hedges. The 2015/16 net debt was impacted by the valuation of the Council's cash flow hedge liabilities being higher than planned as a result of interest rate volatility during the financial year.

Actual net borrowings at \$396.5m were lower than planned net borrowings of \$415.0m and well below other benchmarks.



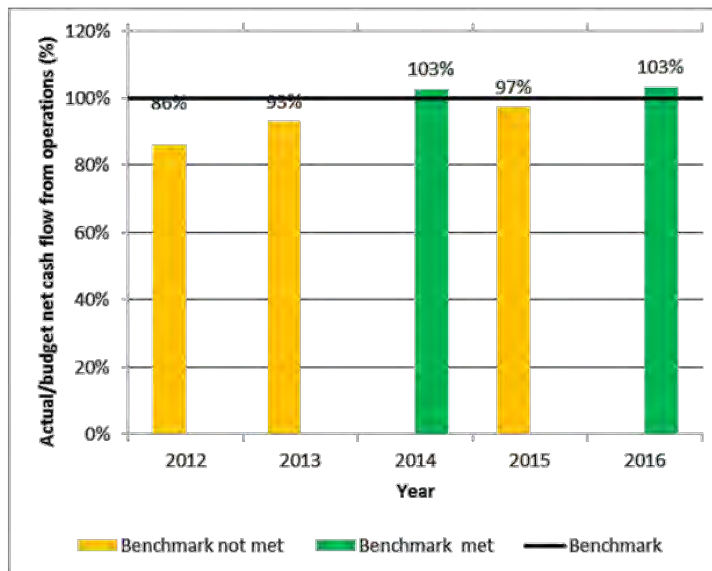
**Operations control benchmark**

This graph displays the Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.

A number of assumptions are made around the timing of events. Any departure from these assumptions can affect the outcome of this measure.

The Council is satisfied that it is prudently managing operational cash flow, with variances in the 2011/12, 2012/13 and 2014/15 years explained by the timing difference in the receipt of revenues compared to budget that lead to the "not met" outcome for this measure.



## Funding Impact Statements

Funding impact statement - 1 July 2015 to 30 June 2016				
Whole of Council				
	2014/15 AP	2014/15 Actual	2015/16 LTP	2015/16 Actual
	\$000	\$000	\$000	\$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	134,936	135,486	152,004	152,200
Targeted rates	106,451	106,645	118,903	119,927
Subsidies and grants for operating purposes	7,714	8,020	6,485	7,117
Fees and charges	134,566	121,196	122,218	113,117
Interest and dividends from investments	11,044	15,840	11,013	15,288
Local authorities fuel tax, fines, infringement fees, and other receipts	9,541	7,696	9,255	8,064
<b>Total operating funding (A)</b>	<b>404,252</b>	<b>394,883</b>	<b>419,878</b>	<b>415,713</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	269,637	259,690	280,484	261,895
Finance costs	23,041	22,973	22,961	23,948
Other operating funding applications	28,958	30,793	35,850	53,129
<b>Total applications of operating funding (B)</b>	<b>321,636</b>	<b>313,456</b>	<b>339,295</b>	<b>338,972</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>82,616</b>	<b>81,427</b>	<b>80,583</b>	<b>76,741</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	43,375	33,544	36,026	27,044
Development and financial contributions	2,000	2,077	2,000	2,749
Increase (decrease) in debt	34,964	22,321	41,399	49,604
Gross proceeds from sales of assets	4,050	323	2,650	-
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>84,389</b>	<b>58,264</b>	<b>82,075</b>	<b>79,397</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	2,558	5,365	2,597	1,076
- to improve the level of service	69,965	56,360	62,680	42,704
- to replace existing assets	79,480	84,752	93,169	102,157
Increase (decrease) in reserves	15,002	(6,786)	4,212	10,201
Increase (decrease) in investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>167,005</b>	<b>139,691</b>	<b>162,658</b>	<b>156,138</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(82,616)</b>	<b>(81,427)</b>	<b>(80,583)</b>	<b>(76,741)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>				
	102,165	98,262	99,797	98,356

Funding impact statement - 1 July 2015 to 30 June 2016				
Governance, information and engagement				
1.1	2014/15 AP \$000	2014/15 Actual \$000	2015/16 LTP \$000	2015/16 Actual \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	14,214	14,214	16,587	16,587
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	565	654	508	750
Internal charges and overheads recovered	-	494	-	605
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
<b>Total operating funding (A)</b>	<b>14,779</b>	<b>15,362</b>	<b>17,095</b>	<b>17,942</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	7,820	8,558	9,713	9,353
Finance costs	15	13	16	15
Internal charges and overheads applied	6,570	7,322	7,308	7,140
Other operating funding applications	313	277	10	12
<b>Total applications of operating funding (B)</b>	<b>14,718</b>	<b>16,170</b>	<b>17,047</b>	<b>16,520</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>61</b>	<b>(808)</b>	<b>48</b>	<b>1,422</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	(61)	(63)	(48)	(58)
Gross proceeds from sales of assets	-	-	-	-
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(61)</b>	<b>(63)</b>	<b>(48)</b>	<b>(58)</b>
<b>Applications of capital funding</b>				
Capital expenditure	-	-	-	-
- to meet additional demand	-	-	-	-
- to improve the level of service	-	-	-	-
- to replace existing assets	-	-	-	-
Increase (decrease) in reserves	-	(871)	-	1,364
Increase (decrease) in investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>-</b>	<b>(871)</b>	<b>-</b>	<b>1,364</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(61)</b>	<b>808</b>	<b>(48)</b>	<b>(1,422)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Expenses for this activity grouping include the following				
depreciation/amortisation charge	61	63	48	58



Funding impact statement - 1 July 2015 to 30 June 2016				
<b>Maori and Mana Whenua partnerships</b>				
1.2	2014/15 AP \$000	2014/15 Actual \$000	2015/16 LTP \$000	2015/16 Actual \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	225	225	281	281
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	-	10	-	-
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
<b>Total operating funding (A)</b>	<b>225</b>	<b>235</b>	<b>281</b>	<b>281</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	214	197	267	255
Finance costs	1	1	1	1
Internal charges and overheads applied	8	2	11	8
Other operating funding applications	-	-	-	8
<b>Total applications of operating funding (B)</b>	<b>223</b>	<b>200</b>	<b>279</b>	<b>272</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>2</b>	<b>35</b>	<b>2</b>	<b>9</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	(2)	(2)	(2)
Gross proceeds from sales of assets	-	-	-	-
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>-</b>	<b>(2)</b>	<b>(2)</b>	<b>(2)</b>
<b>Applications of capital funding</b>				
Capital expenditure	-	-	-	-
- to meet additional demand	-	-	-	-
- to improve the level of service	-	-	-	-
- to replace existing assets	-	-	-	-
Increase (decrease) in reserves	2	33	-	7
Increase (decrease) in investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>2</b>	<b>33</b>	<b>-</b>	<b>7</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(2)</b>	<b>(35)</b>	<b>(2)</b>	<b>(9)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following</b>				
depreciation/amortisation charge	2	2	2	2

Funding impact statement - 1 July 2015 to 30 June 2016				
<b>Gardens, beaches and green open spaces</b>				
	2014/15	2014/15	2015/16	2015/16
2.1	AP	Actual	LTP	Actual
	\$000	\$000	\$000	\$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	27,267	27,267	30,360	30,360
Targeted rates	632	632	-	-
Subsidies and grants for operating purposes	671	688	699	669
Fees and charges	1,314	1,887	1,437	1,899
Internal charges and overheads recovered	5,101	5,130	5,111	5,146
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
<b>Total operating funding (A)</b>	<b>34,985</b>	<b>35,604</b>	<b>37,607</b>	<b>38,074</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	17,767	19,950	19,285	18,839
Finance costs	1,834	2,411	1,993	1,794
Internal charges and overheads applied	11,520	11,923	12,281	12,067
Other operating funding applications	100	105	120	121
<b>Total applications of operating funding (B)</b>	<b>31,221</b>	<b>34,389</b>	<b>33,679</b>	<b>32,821</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>3,764</b>	<b>1,215</b>	<b>3,928</b>	<b>5,253</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	620	333	650	568
Development and financial contributions	183	353	183	363
Increase (decrease) in debt	411	(613)	(2,129)	(5,089)
Gross proceeds from sales of assets	-	-	-	-
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>1,214</b>	<b>73</b>	<b>(1,296)</b>	<b>(4,158)</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	34	63	70	-
- to improve the level of service	1,180	535	1,121	1,137
- to replace existing assets	1,791	2,541	1,441	1,639
Increase (decrease) in reserves	1,973	(1,851)	-	(1,681)
Increase (decrease) in investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>4,978</b>	<b>1,288</b>	<b>2,632</b>	<b>1,095</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(3,764)</b>	<b>(1,215)</b>	<b>(3,928)</b>	<b>(5,253)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following</b>				
depreciation/amortisation charge	4,042	8,197	3,928	6,934

Funding impact statement - 1 July 2015 to 30 June 2016				
<b>Waste reduction and energy conservation</b>				
	2014/15	2014/15	2015/16	2015/16
2.2	AP	Actual	LTP	Actual
	\$000	\$000	\$000	\$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	404	404	764	764
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	12,926	13,307	12,876	14,387
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	1	-	4
<b>Total operating funding (A)</b>	<b>13,330</b>	<b>13,712</b>	<b>13,640</b>	<b>15,155</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	11,873	11,719	12,126	12,368
Finance costs	1,005	960	877	915
Internal charges and overheads applied	(112)	(29)	56	(36)
Other operating funding applications	5	(1)	255	93
<b>Total applications of operating funding (B)</b>	<b>12,771</b>	<b>12,649</b>	<b>13,314</b>	<b>13,340</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>559</b>	<b>1,063</b>	<b>326</b>	<b>1,815</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	67	(227)	912	402
Gross proceeds from sales of assets	-	-	-	-
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>67</b>	<b>(227)</b>	<b>912</b>	<b>402</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	-	-	-	-
- to improve the level of service	67	67	-	-
- to replace existing assets	709	713	1,238	723
Increase (decrease) in reserves	(150)	56	-	1,494
Increase (decrease) in investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>626</b>	<b>836</b>	<b>1,238</b>	<b>2,217</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(559)</b>	<b>(1,063)</b>	<b>(326)</b>	<b>(1,815)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following</b>				
depreciation/amortisation charge	435	363	326	321

Funding impact statement - 1 July 2015 to 30 June 2016				
<b>Water</b>				
	2014/15	2014/15	2015/16	2015/16
2.3	AP	Actual	LTP	Actual
	\$000	\$000	\$000	\$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	-	-	-	-
Targeted rates	25,408	26,605	38,291	38,291
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	13,912	12,764	35	68
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
<b>Total operating funding (A)</b>	<b>39,320</b>	<b>39,369</b>	<b>38,326</b>	<b>38,359</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	21,547	21,444	22,501	22,517
Finance costs	2,104	1,697	2,100	2,052
Internal charges and overheads applied	1,522	1,885	1,443	1,618
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>25,173</b>	<b>25,026</b>	<b>26,044</b>	<b>26,187</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>14,147</b>	<b>14,343</b>	<b>12,282</b>	<b>12,172</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	671	341	671	591
Increase (decrease) in debt	2,520	1,426	3,999	2,091
Gross proceeds from sales of assets	-	-	-	-
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>3,191</b>	<b>1,767</b>	<b>4,670</b>	<b>2,682</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	358	443	563	570
- to improve the level of service	2,833	2,761	3,038	2,356
- to replace existing assets	9,104	10,061	13,351	12,000
Increase (decrease) in reserves	5,043	2,845	-	(72)
Increase (decrease) in investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>17,338</b>	<b>16,110</b>	<b>16,952</b>	<b>14,854</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(14,147)</b>	<b>(14,343)</b>	<b>(12,282)</b>	<b>(12,172)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following</b>				
depreciation/amortisation charge	14,739	12,090	12,282	12,244



Funding impact statement - 1 July 2015 to 30 June 2016				
<b>Wastewater</b>				
	2014/15	2014/15	2015/16	2015/16
2.4	AP	Actual	LTP	Actual
	\$000	\$000	\$000	\$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	-	-	-	-
Targeted rates	36,257	36,257	37,425	37,425
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	1,227	1,229	1,233	1,204
Internal charges and overheads recovered	-	14	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
<b>Total operating funding (A)</b>	<b>37,484</b>	<b>37,500</b>	<b>38,658</b>	<b>38,629</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	21,070	18,971	21,117	18,676
Finance costs	3,577	3,489	3,741	3,635
Internal charges and overheads applied	3,541	3,835	3,525	4,585
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>28,188</b>	<b>26,295</b>	<b>28,383</b>	<b>26,896</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>9,296</b>	<b>11,205</b>	<b>10,275</b>	<b>11,733</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	549	425	549	688
Increase (decrease) in debt	(377)	(1,805)	(343)	(250)
Gross proceeds from sales of assets	-	-	-	-
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>172</b>	<b>(1,380)</b>	<b>206</b>	<b>438</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	172	177	223	221
- to improve the level of service	-	-	-	-
- to replace existing assets	7,573	7,782	10,258	10,634
Increase (decrease) in reserves	1,723	1,866	-	1,316
Increase (decrease) in investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>9,468</b>	<b>9,825</b>	<b>10,481</b>	<b>12,171</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(9,296)</b>	<b>(11,205)</b>	<b>(10,275)</b>	<b>(11,733)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>				
	13,416	13,459	13,428	13,570



Funding impact statement - 1 July 2015 to 30 June 2016				
<b>Stormwater</b>				
	2014/15	2014/15	2015/16	2015/16
2.5	AP	Actual	LTP	Actual
	\$000	\$000	\$000	\$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	-	-	-	-
Targeted rates	18,648	18,648	17,442	17,442
Subsidies and grants for operating purposes	120	56	136	69
Fees and charges	9	47	10	26
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
<b>Total operating funding (A)</b>	<b>18,777</b>	<b>18,751</b>	<b>17,588</b>	<b>17,537</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	7,432	6,590	7,131	6,603
Finance costs	2,875	2,316	2,904	2,712
Internal charges and overheads applied	1,473	1,555	1,501	1,487
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>11,780</b>	<b>10,461</b>	<b>11,536</b>	<b>10,802</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>6,997</b>	<b>8,290</b>	<b>6,052</b>	<b>6,735</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	58	(12)	58	68
Increase (decrease) in debt	499	(1,233)	(1,654)	(1,335)
Gross proceeds from sales of assets	-	-	-	-
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>557</b>	<b>(1,245)</b>	<b>(1,596)</b>	<b>(1,267)</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	106	188	161	202
- to improve the level of service	451	797	1,501	1,716
- to replace existing assets	3,697	3,836	2,794	2,949
Increase (decrease) in reserves	3,300	2,224	-	601
Increase (decrease) in investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>7,554</b>	<b>7,045</b>	<b>4,456</b>	<b>5,468</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(6,997)</b>	<b>(8,290)</b>	<b>(6,052)</b>	<b>(6,735)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following</b>				
depreciation/amortisation charge	6,997	6,066	6,052	6,134

Funding impact statement - 1 July 2015 to 30 June 2016				
<b>Conservation attractions</b>				
	2014/15	2014/15	2015/16	2015/16
2.6	AP	Actual	LTP	Actual
	\$000	\$000	\$000	\$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	6,126	6,126	6,459	6,459
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	-	-	-	-
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
<b>Total operating funding (A)</b>	<b>6,126</b>	<b>6,126</b>	<b>6,459</b>	<b>6,459</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	138	126	214	119
Finance costs	755	691	748	694
Internal charges and overheads applied	264	264	286	284
Other operating funding applications	3,632	3,632	3,689	3,769
<b>Total applications of operating funding (B)</b>	<b>4,789</b>	<b>4,713</b>	<b>4,937</b>	<b>4,866</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>1,337</b>	<b>1,413</b>	<b>1,522</b>	<b>1,593</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	129	802	126	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	387	483	(332)	1,207
Gross proceeds from sales of assets	-	-	-	-
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>516</b>	<b>1,285</b>	<b>(206)</b>	<b>1,207</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	-	-	-	-
- to improve the level of service	516	2,398	516	1,859
- to replace existing assets	278	278	800	866
Increase (decrease) in reserves	1,059	22	-	75
Increase (decrease) in investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>1,853</b>	<b>2,698</b>	<b>1,316</b>	<b>2,800</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(1,337)</b>	<b>(1,413)</b>	<b>(1,522)</b>	<b>(1,593)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>				
	1,337	1,391	1,522	1,518

Funding impact statement - 1 July 2015 to 30 June 2016				
City promotions and business support				
	2014/15	2014/15	2015/16	2015/16
3.1	AP	Actual	LTP	Actual
	\$000	\$000	\$000	\$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	5,207	5,207	4,610	4,610
Targeted rates	15,012	15,012	15,226	15,226
Subsidies and grants for operating purposes	-	255	-	-
Fees and charges	14,035	668	14,365	762
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
<b>Total operating funding (A)</b>	<b>34,254</b>	<b>21,142</b>	<b>34,201</b>	<b>20,598</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	26,079	11,610	21,483	7,357
Finance costs	710	679	736	682
Internal charges and overheads applied	1,848	1,026	939	603
Other operating funding applications	7,553	8,270	12,248	14,122
<b>Total applications of operating funding (B)</b>	<b>36,190</b>	<b>21,585</b>	<b>35,406</b>	<b>22,764</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>(1,936)</b>	<b>(443)</b>	<b>(1,205)</b>	<b>(2,166)</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	1,165	3,420	(87)
Gross proceeds from sales of assets	-	-	-	-
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>-</b>	<b>1,165</b>	<b>3,420</b>	<b>(87)</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	-	-	-	-
- to improve the level of service	-	-	-	-
- to replace existing assets	1,341	2,268	2,215	1,669
Increase (decrease) in reserves	(3,277)	(1,546)	-	(3,922)
Increase (decrease) in investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>(1,936)</b>	<b>722</b>	<b>2,215</b>	<b>(2,253)</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>1,936</b>	<b>443</b>	<b>1,205</b>	<b>2,166</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following</b>				
depreciation/amortisation charge	1,618	1,730	1,795	1,756

Funding impact statement - 1 July 2015 to 30 June 2016				
<b>Arts and culture activities</b>				
	2014/15	2014/15	2015/16	2015/16
4.1	AP	Actual	LTP	Actual
	\$000	\$000	\$000	\$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	11,947	11,947	13,008	13,008
Targeted rates	5,243	5,243	5,148	5,148
Subsidies and grants for operating purposes	430	382	410	171
Fees and charges	583	638	577	704
Internal charges and overheads recovered	72	72	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
<b>Total operating funding (A)</b>	<b>18,275</b>	<b>18,282</b>	<b>19,143</b>	<b>19,031</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	3,510	4,737	4,072	3,993
Finance costs	211	171	276	170
Internal charges and overheads applied	1,049	995	1,024	980
Other operating funding applications	12,680	12,408	13,101	13,211
<b>Total applications of operating funding (B)</b>	<b>17,450</b>	<b>18,311</b>	<b>18,473</b>	<b>18,354</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>825</b>	<b>(29)</b>	<b>670</b>	<b>677</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	-	1,914	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	26	1,533	(363)	1,195
Gross proceeds from sales of assets	-	-	-	-
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>26</b>	<b>1,533</b>	<b>1,551</b>	<b>1,195</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	-	-	-	-
- to improve the level of service	26	2,370	2,119	1,927
- to replace existing assets	1	1	102	41
Increase (decrease) in reserves	824	(867)	-	(96)
Increase (decrease) in investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>851</b>	<b>1,504</b>	<b>2,221</b>	<b>1,872</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(825)</b>	<b>29</b>	<b>(670)</b>	<b>(677)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>				
	825	838	670	773



Funding impact statement - 1 July 2015 to 30 June 2016				
<b>Recreation promotion and support</b>				
5.1	2014/15 AP \$000	2014/15 Actual \$000	2015/16 LTP \$000	2015/16 Actual \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	24,001	24,001	25,083	25,083
Targeted rates	1,039	1,039	1,088	1,088
Subsidies and grants for operating purposes	398	277	200	332
Fees and charges	11,483	10,617	11,547	10,971
Internal charges and overheads recovered	1,051	1,036	1,116	1,088
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
<b>Total operating funding (A)</b>	<b>37,972</b>	<b>36,970</b>	<b>39,034</b>	<b>38,562</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	16,950	17,494	17,953	18,459
Finance costs	3,725	3,477	3,615	3,310
Internal charges and overheads applied	9,411	9,635	9,214	8,966
Other operating funding applications	650	677	663	589
<b>Total applications of operating funding (B)</b>	<b>30,736</b>	<b>31,283</b>	<b>31,445</b>	<b>31,324</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>7,236</b>	<b>5,687</b>	<b>7,589</b>	<b>7,238</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	302	-	203
Increase (decrease) in debt	457	(1,002)	736	(2,027)
Gross proceeds from sales of assets	-	-	-	-
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>457</b>	<b>(700)</b>	<b>736</b>	<b>(1,824)</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	123	-	-	-
- to improve the level of service	334	443	1,476	2,123
- to replace existing assets	2,564	6,260	6,849	3,681
Increase (decrease) in reserves	4,672	(1,716)	-	(390)
Increase (decrease) in investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>7,693</b>	<b>4,987</b>	<b>8,325</b>	<b>5,414</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(7,236)</b>	<b>(5,687)</b>	<b>(7,589)</b>	<b>(7,238)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following</b>				
depreciation/amortisation charge	7,324	7,491	7,589	7,628



Funding impact statement - 1 July 2015 to 30 June 2016				
<b>Community support</b>				
5.2	2014/15 AP \$000	2014/15 Actual \$000	2015/16 LTP \$000	2015/16 Actual \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	21,755	21,755	22,792	22,792
Targeted rates	4,179	4,179	4,250	4,250
Subsidies and grants for operating purposes	1,296	1,045	969	1,240
Fees and charges	22,057	22,760	22,869	23,112
Internal charges and overheads recovered	1,287	1,554	1,171	1,231
Local authorities fuel tax, fines, infringement fees, and other receipts	659	526	586	498
<b>Total operating funding (A)</b>	<b>51,233</b>	<b>51,819</b>	<b>52,637</b>	<b>53,123</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	26,166	26,477	26,470	26,185
Finance costs	(725)	(1,809)	(1,632)	(2,468)
Internal charges and overheads applied	10,410	11,142	11,542	11,701
Other operating funding applications	3,160	3,036	4,084	3,911
<b>Total applications of operating funding (B)</b>	<b>39,011</b>	<b>38,846</b>	<b>40,464</b>	<b>39,329</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>12,222</b>	<b>12,973</b>	<b>12,173</b>	<b>13,794</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	32,036	13,388	20,668	11,254
Development and financial contributions	-	57	-	38
Increase (decrease) in debt	250	(20,498)	(3,771)	3,239
Gross proceeds from sales of assets	-	-	-	-
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>32,286</b>	<b>(7,053)</b>	<b>16,897</b>	<b>14,531</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	-	-	-	83
- to improve the level of service	32,284	13,453	26,139	12,142
- to replace existing assets	6,915	7,988	8,763	7,427
Increase (decrease) in reserves	5,309	(15,521)	(5,832)	8,673
Increase (decrease) in investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>44,508</b>	<b>5,920</b>	<b>29,070</b>	<b>28,325</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(12,222)</b>	<b>(12,973)</b>	<b>(12,173)</b>	<b>(13,794)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>				
	15,730	15,146	15,318	13,646

Funding impact statement - 1 July 2015 to 30 June 2016				
<b>Public health and safety</b>				
	<b>2014/15</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2015/16</b>
<b>5.3</b>	<b>AP</b>	<b>Actual</b>	<b>LTP</b>	<b>Actual</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	8,266	8,266	9,540	9,540
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	25	17	25	17
Fees and charges	3,962	3,921	3,993	4,053
Internal charges and overheads recovered	676	699	664	692
Local authorities fuel tax, fines, infringement fees, and other receipts	52	42	39	30
<b>Total operating funding (A)</b>	<b>12,981</b>	<b>12,945</b>	<b>14,261</b>	<b>14,332</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	8,284	8,443	9,012	8,971
Finance costs	76	77	91	131
Internal charges and overheads applied	3,980	4,096	4,386	4,529
Other operating funding applications	129	26	129	45
<b>Total applications of operating funding (B)</b>	<b>12,469</b>	<b>12,642</b>	<b>13,618</b>	<b>13,676</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>512</b>	<b>303</b>	<b>643</b>	<b>656</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	6	-	-
Development and financial contributions	-	9	-	6
Increase (decrease) in debt	206	386	1,028	(255)
Gross proceeds from sales of assets	-	-	-	-
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>206</b>	<b>401</b>	<b>1,028</b>	<b>(249)</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	-	-	-	-
- to improve the level of service	206	105	110	78
- to replace existing assets	1,104	934	1,561	736
Increase (decrease) in reserves	(592)	(335)	-	(407)
Increase (decrease) in investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>718</b>	<b>704</b>	<b>1,671</b>	<b>407</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(512)</b>	<b>(303)</b>	<b>(643)</b>	<b>(656)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following</b>				
depreciation/amortisation charge	527	653	643	1,063

Funding impact statement - 1 July 2015 to 30 June 2016				
<b>Urban planning, heritage and public spaces development</b>				
	2014/15	2014/15	2015/16	2015/16
<b>6.1</b>	<b>AP</b>	<b>Actual</b>	<b>LTP</b>	<b>Actual</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	7,098	7,098	6,896	6,896
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	-	67	-	-
Fees and charges	3,922	113	20	323
Internal charges and overheads recovered	310	-	-	384
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
<b>Total operating funding (A)</b>	<b>11,330</b>	<b>7,278</b>	<b>6,916</b>	<b>7,603</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	7,775	1,995	2,857	4,416
Finance costs	573	12	15	13
Internal charges and overheads applied	3,040	2,483	3,233	2,192
Other operating funding applications	490	466	800	842
<b>Total applications of operating funding (B)</b>	<b>11,878</b>	<b>4,956</b>	<b>6,905</b>	<b>7,463</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>(548)</b>	<b>2,322</b>	<b>11</b>	<b>140</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	2,016	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	1,429	16,905	7,607	5,370
Gross proceeds from sales of assets	2,050	-	650	-
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>3,479</b>	<b>18,921</b>	<b>8,257</b>	<b>5,370</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	-	-	-	-
- to improve the level of service	1,429	16,259	5,702	4,630
- to replace existing assets	3,267	2,673	2,566	768
Increase (decrease) in reserves	(1,765)	2,311	-	112
Increase (decrease) in investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>2,931</b>	<b>21,243</b>	<b>8,268</b>	<b>5,510</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>548</b>	<b>(2,322)</b>	<b>(11)</b>	<b>(140)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following</b>				
depreciation/amortisation charge	4,305	11	11	28

Funding impact statement - 1 July 2015 to 30 June 2016				
<b>Building and development control</b>				
	2014/15	2014/15	2015/16	2015/16
6.2	AP	Actual	LTP	Actual
	\$000	\$000	\$000	\$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	7,319	7,319	9,449	9,449
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	12,655	11,308	12,027	11,739
Internal charges and overheads recovered	224	103	224	-
Local authorities fuel tax, fines, infringement fees, and other receipts	24	31	24	65
<b>Total operating funding (A)</b>	<b>20,222</b>	<b>18,761</b>	<b>21,724</b>	<b>21,253</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	12,991	12,942	12,655	12,508
Finance costs	-	3	3	3
Internal charges and overheads applied	6,971	7,027	8,761	7,979
Other operating funding applications	135	27	135	57
<b>Total applications of operating funding (B)</b>	<b>20,097</b>	<b>19,999</b>	<b>21,554</b>	<b>20,547</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>125</b>	<b>(1,238)</b>	<b>170</b>	<b>706</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	4	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	17,651	3,880	5,770	2,070
Gross proceeds from sales of assets	-	-	-	-
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>17,651</b>	<b>3,884</b>	<b>5,770</b>	<b>2,070</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	-	-	-	-
- to improve the level of service	17,651	4,036	5,940	2,224
- to replace existing assets	-	-	-	-
Increase (decrease) in reserves	125	(1,390)	-	552
Increase (decrease) in investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>17,776</b>	<b>2,646</b>	<b>5,940</b>	<b>2,776</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(125)</b>	<b>1,238</b>	<b>(170)</b>	<b>(706)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following</b>				
depreciation/amortisation charge	125	152	170	154



Funding impact statement - 1 July 2015 to 30 June 2016				
<b>Transport</b>				
7.1	2014/15 AP \$000	2014/15 Actual \$000	2015/16 LTP \$000	2015/16 Actual \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	29,503	29,503	32,648	32,648
Targeted rates	33	33	33	-
Subsidies and grants for operating purposes	4,774	5,233	4,046	4,076
Fees and charges	2,100	1,640	2,042	2,520
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
<b>Total operating funding (A)</b>	<b>36,410</b>	<b>36,409</b>	<b>38,769</b>	<b>39,244</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	12,530	12,627	12,189	11,659
Finance costs	4,774	4,199	5,169	5,055
Internal charges and overheads applied	5,785	5,097	6,093	5,085
Other operating funding applications	10	(10)	515	1,859
<b>Total applications of operating funding (B)</b>	<b>23,099</b>	<b>21,913</b>	<b>23,966</b>	<b>23,658</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>13,311</b>	<b>14,496</b>	<b>14,803</b>	<b>15,586</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	10,590	16,995	12,668	12,765
Development and financial contributions	539	602	539	792
Increase (decrease) in debt	9,418	11,277	10,563	6,507
Gross proceeds from sales of assets	-	(91)	-	-
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>20,547</b>	<b>28,783</b>	<b>23,770</b>	<b>20,064</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	1,765	4,494	1,580	-
- to improve the level of service	10,968	13,003	11,199	11,077
- to replace existing assets	24,979	23,892	25,794	24,114
Increase (decrease) in reserves	(3,854)	1,890	-	459
Increase (decrease) in investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>33,858</b>	<b>43,279</b>	<b>38,573</b>	<b>35,650</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(13,311)</b>	<b>(14,496)</b>	<b>(14,803)</b>	<b>(15,586)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>	<b>22,285</b>	<b>21,580</b>	<b>22,646</b>	<b>22,970</b>



Funding impact statement - 1 July 2015 to 30 June 2016				
<b>Parking</b>				
	<b>2014/15</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2015/16</b>
<b>7.2</b>	<b>AP</b>	<b>Actual</b>	<b>LTP</b>	<b>Actual</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	(14,086)	(14,086)	(14,051)	(14,051)
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	18,316	19,623	19,899	20,568
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	7,706	6,019	7,556	5,875
<b>Total operating funding (A)</b>	<b>11,936</b>	<b>11,556</b>	<b>13,404</b>	<b>12,392</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	9,850	8,145	10,346	9,017
Finance costs	17	437	479	347
Internal charges and overheads applied	1,593	1,522	1,987	1,949
Other operating funding applications	1	455	1	281
<b>Total applications of operating funding (B)</b>	<b>11,461</b>	<b>10,559</b>	<b>12,813</b>	<b>11,594</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>475</b>	<b>997</b>	<b>591</b>	<b>798</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	30	(570)	858	675
Gross proceeds from sales of assets	-	-	-	-
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>30</b>	<b>(570)</b>	<b>858</b>	<b>675</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	-	-	-	-
- to improve the level of service	30	-	1,449	1,342
- to replace existing assets	150	89	-	-
Increase (decrease) in reserves	325	338	-	131
Increase (decrease) in investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>505</b>	<b>427</b>	<b>1,449</b>	<b>1,473</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(475)</b>	<b>(997)</b>	<b>(591)</b>	<b>(798)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following</b>				
depreciation/amortisation charge	475	659	591	667

Capital expenditure and carry forwards by strategy					
	2014/15	2015/16	2015/16	2015/16	2015/16
	Actual	LTP	Actual	Carry forward	Carry forward
				to 2016/17	beyond 2016/17
	\$000	\$000	\$000	\$000	\$000
<b>Governance</b>					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	-	-	-	-
- to replace existing assets	-	116	-	-	-
<b>Governance Total</b>	-	116	-	-	-
<b>Environment</b>					
- to meet additional demand	871	1,087	993	23	-
- to improve the level of service	6,558	9,950	7,068	844	-
- to replace existing assets	25,211	26,960	28,811	1,167	-
<b>Environment Total</b>	<b>32,640</b>	<b>37,997</b>	<b>36,872</b>	<b>2,034</b>	-
<b>Economic Development</b>					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	-	-	-	-
- to replace existing assets	2,268	1,742	1,669	749	-
<b>Economic Development Total</b>	<b>2,268</b>	<b>1,742</b>	<b>1,669</b>	<b>749</b>	-
<b>Cultural Well-Being</b>					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	2,370	25	1,927	43	-
- to replace existing assets	1	2	41	60	-
<b>Cultural Well-Being Total</b>	<b>2,371</b>	<b>27</b>	<b>1,968</b>	<b>103</b>	-
<b>Social and Recreation</b>					
- to meet additional demand	-	822	83	-	-
- to improve the level of service	14,001	27,190	14,343	842	13,799
- to replace existing assets	15,182	13,673	11,844	6,365	-
<b>Social and Recreation Total</b>	<b>29,183</b>	<b>41,685</b>	<b>26,270</b>	<b>7,207</b>	<b>13,799</b>
<b>Urban Development</b>					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	20,295	15,083	6,854	3,544	5,407
- to replace existing assets	2,673	979	768	1,610	1,224
<b>Urban Development Total</b>	<b>22,968</b>	<b>16,062</b>	<b>7,622</b>	<b>5,154</b>	<b>6,631</b>
<b>Transport</b>					
- to meet additional demand	4,494	-	-	-	-
- to improve the level of service	13,003	20,448	12,419	1,367	2,390
- to replace existing assets	23,981	20,872	24,114	720	1,018
<b>Transport Total</b>	<b>41,478</b>	<b>41,320</b>	<b>36,533</b>	<b>2,087</b>	<b>3,408</b>
<b>Council</b>					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	133	16,304	93	1,903	-
- to replace existing assets	15,436	17,269	34,910	4,921	-
<b>Council Total</b>	<b>15,569</b>	<b>33,573</b>	<b>35,003</b>	<b>6,824</b>	-
<b>Total Council</b>					
- to meet additional demand	5,365	1,909	1,076	23	-
- to improve the level of service	56,360	89,000	42,704	8,543	21,596
- to replace existing assets	84,752	81,613	102,157	15,592	2,242
<b>Total Council total</b>	<b>146,477</b>	<b>172,522</b>	<b>145,937</b>	<b>24,158</b>	<b>23,838</b>

## Appendices

### Glossary

**Annual Plan** – the Annual Plan is a budget prepared by the Council showing the expected cost of running the city for the year of the plan and how the costs will be funded. An Annual Plan is not prepared in years when a Long-term plan is prepared (see Long-term plan).

**Associates and Jointly Controlled Entities** – are entities that the Council owns a share of but does not control. Our share of the Associate's or Jointly Controlled Entities' net surpluses or deficits and net assets is recorded in the Group financial statements. The Council's Associates are; Chaffers Marina Holding Limited (10.52%) and Wellington International Airport Limited (34%), and its Jointly Controlled Entity is Wellington Water Limited (42.11%).

**Capital expenditure** – expenditure on assets that provide a long term ongoing benefit to the Council, usually fixed assets (property, plant and equipment), for example buildings.

**Cash and cash equivalents** – includes cash as well as deposits which mature in three months or less.

**Current asset** – an asset that can readily be converted to cash or will be used to repay a liability within 12 months of balance date.

**Current liability** – a liability that is required to be discharged within 12 months of balance date.

**Depreciation (amortisation)** – an expense charged each year to reflect the estimated cost of using our assets over their lives. Amortisation relates to 'intangible' assets such as software (as distinct from physical assets, which are covered by depreciation).

**External funding for capital expenditure** – funding that is required to be recorded as revenue but is used to fund capital expenditure projects.

**Fair value** – essentially reflects the market value of assets or liabilities.

**Investment properties** – these are properties primarily held by the Council to earn rental revenue.

**Liquidity/funding risk** – this is the risk that the Council will not have access to the required funds to meet its present obligations.

**Long-term plan** – A 10-year forecast prepared every three years showing the expected cost of running the city for the following 10 years and how the costs will be funded.

**Net borrowings** – total borrowings less any funds held on deposit.

**Net surplus/deficit** - net surplus/deficit is the difference between total revenue and total expenses. It includes both operating revenue and operating expenditure as well as other non-funded items of revenue and expenditure such as capital funding, vested asset revenue and fair value movements.

**Operational expenditure** – expenditure that is not capital expenditure (see capital expenditure).

**Prudential limits** – these are limits applied to the level of borrowings to ensure we are managing the Council's assets and liabilities prudently. These limits are outlined in the Investment and Liability Management Policy in the Long-term plan.

**Ring-fenced funds** – funds that can only be used for a specific purpose.

**Total comprehensive revenue and expense** – is the net surplus/deficit adjusted for fair value movements of some of our assets including property, plant and equipment and financial instruments such as cash flow hedges. These movements are non-cash in nature and reflect changing fair values of assets the Council owns.

**Underlying funding surplus/deficit** – the portion of the overall net surplus/deficit that has arisen from changes to operating revenue or operational expenditure as compared to budget.

**Unfunded depreciation** – the amount of depreciation not funded by rates. This relates mainly to roading assets funded by NZTA and sewerage treatment assets where the operator has responsibility for asset renewal.

**Vested assets** – assets created by others and passed into Council ownership (e.g. roads built by a developer as part of a subdivision).

Mayor and Councillors

Independent Auditor's Review

DRAFT



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## **PRODUCTIVITY COMMISSION - BETTER URBAN PLANNING REPORT**

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### **Purpose**

1. The purpose of this report is to brief the Committee on the recently released Productivity Commission draft report 'Better Urban Planning', and to seek the Committee's agreement to lodging a submission (Attachment 1) on the draft report.

### **Summary**

2. The Productivity Commission has released its draft report ('the report') into the New Zealand planning system. The report provides a comprehensive analysis of the current New Zealand planning system and makes recommendations on a potential future state.
3. The Commission finds that the existing system has a number of strengths, namely:
  - Consents for lower-risk developments are processed quickly;
  - The use of zones in New Zealand is relatively enabling; and
  - There is an evolving capability in recognising Maori interests and engaging with Maori.
4. It also finds that there are weaknesses in the system:
  - Unproductive interaction between central and local government, and a lack of clarity and focus;
  - Overly restrictive rules which at time overreach, and slow plan development processes that don't respond to changing circumstances;
  - Capability gaps in economics and environmental science;
  - Not enough guidance on environmental priorities;
  - Unresolved tensions between environmental and socio-economic needs;
  - An incomplete infrastructure funding toolbox.
5. The Commission was tasked with recommending a future urban planning framework. As a starting point it considers that changes are needed in order to:
  - Provide a clear distinction between the built and natural environment;
  - Provide more effective national guidance and clear priorities on environmental management;
  - Allow for more responsive infrastructure provision, enable cost recovery and better procurement;
  - Restrain the use of land use regulation; and
  - Build capability within councils and central government.
6. The Commission then describes a preferred future framework which would:
  - Favour development in urban areas, subject to clear limits;

- Articulate clear priorities for the natural environment through a Government Policy Statement;
  - Provide greater external scrutiny of land use rules, narrow access to appeals and tighten notification requirements;
  - Make spatial plans a formal part of the planning hierarchy;
  - Require more representative consultation and build on the increasing capability to recognise and protect Maori interests; and
  - Use a broader range of policy tools to manage urban spillovers.
7. The Commission notes that its recommended future state is ‘directional rather than detailed’. It has not, in other words, proposed a detailed legislative framework for a future system. Rather it has sought to present an outline of what such a system may look like, and what direction it can take. There is no associated legislative change proposed, nor does the report require any specific action of the Council.
8. The report presents a range of recommendations and questions for consultation. The proposed submission (Attachment 1) is structured on the basis of these recommendations and questions. It should be read in conjunction with this report.

## Recommendations

That the Governance, Finance and Planning Committee:

1. Receive the information.
2. Agree to the submission appended (as *Attachment 1*) to the officer’s report on the draft report ‘Better Urban Planning’ from the Productivity Commission.
3. Delegate to the Chair of the Transport and Urban Development Committee and the Chief Executive, the ability to approve any minor editorial changes to the submission.

## Background

9. The Government instructed the Productivity Commission in November 2015 to review the New Zealand urban planning system from first principles, and to make recommendations on the most appropriate future system.
10. The Commission prepared an Issues Paper in December 2015 on which the Council lodged a submission. The Commission has now issued a draft report which is open for submissions until 3 October 2016. Thereafter the Commission will issue its final report to the Government by 30 November 2016.
11. The report is substantial at over 400 pages. Therefore only a summary is attached to this report (Attachment 2). The full report can be accessed at the Commission’s website <http://www.productivity.govt.nz>.
12. The Council has also previously provided an extensive submission to the Commission’s ‘Using Land for Housing’ inquiry.

## Discussion

13. The report addresses the existing approach to regulating the built environment, the interface of the urban and natural environments, the relationship with infrastructure

planning, infrastructure funding, Treaty of Waitangi issues, and culture and capability within the sector.

14. The Commission finds that the present planning system has a number of positive qualities such as responsive consenting processes and enabling zoning provisions. Overall however, it argues that the present system is not fit for purpose and goes on to present an outline of a potential future planning framework.

### **The present planning system**

15. In the Commission's view there are a number of weaknesses in the present system:
- There are tensions between the three principal planning statutes of the Resource Management Act, Local Government Act and Land Transport Management Act;
  - Appeal rights are overly broad, particularly in terms of Plan provisions;
  - It evidences unnecessary, excessive and poorly targeted land use regulation;
  - The RMA has failed to live up to its enabling purpose, in part due to the carrying over of old traditions and institutions of the Town and Country Planning Act, capability gaps and local government restructuring; and
  - A lack of central government leadership in the planning system.
16. Some of these concerns have merit. Until recently, there was very little national guidance in the form of either National Environmental Standards or National Policy Statements. The legislative framework has long been recognised as lacking integration between land use planning and infrastructure planning and delivery, and regulation has at times been proven to be excessive. It is agreed that the thoroughness of cost benefit analysis can be improved through an across the board improvement in process and capability.

### **Regulating the urban environment**

17. In the urban environment the Commission holds concerns over a range of regulatory issues, including:
- The use of urban design assessments due to their perceived subjective nature;
  - Providing sufficient supply of residential development capacity, for instance noting that some councils protect industrial land supply while prices of residential land increase significantly;
  - An inherent status-quo bias which reflects the incentives on property owners to oppose changes perceived to affect the value of their property, and pressures placed on councils to not enable higher levels of development;
  - The RMA not being equipped to deal with dynamic urban environments due to an emphasis on managing or avoiding adverse effects;
  - The agility of the system to respond to rapid changes in the external environment; and,
  - Planning rules not being subject to as high a degree of scrutiny as they could be.
18. Some of these matters, for instance the responsiveness of the system to amend planning documents are presently being addressed through the Resource Legislation Amendment Bill currently before parliament. Issues of residential development capacity are equally being addressed through the National Policy Statement on Urban

Development Capacity. The proposed submission addresses these matters and generally agrees with the findings. It does, however, dispute the Commission's views on the merits of urban design assessments.

19. The Commission recommends a range of changes to address these concerns in future urban planning legislation, including:
- Prioritising responses to growth pressures and providing land use flexibility, including using price signals to inform planning decisions;
  - Focussing notification requirements on those directly affected;
  - Limiting appeals on plans to those directly affected;
  - Establishing a permanent Independent Hearings Panel (IHP) to consider and review new Plans, variations and private plan changes, along the lines of the Auckland and Christchurch IHPs; and
  - The need for central government to develop processes to more clearly signal the national interest in planning, and to monitor the system in achieving these goals.
20. Overall officers support the recommendations made. The proposed submission opposes the establishment of a mandatory IHP, suggesting that a discretionary IHP may be more appropriate.

### **Urban planning and the natural environment**

21. The Commission recommends that a future planning system should include a Government Policy Statement (GPS) on environmental sustainability. A GPS would set out a long-term vision and direction for environmental sustainability, and establish goals against which progress should be measured. This proposal is broadly supported.

### **Spatial planning and infrastructure**

22. Spatial planning is highlighted by the Commission. It recommends that spatial plans should form a mandatory part of a future planning framework. They should be tightly defined and focus on issues closely related to land use, namely water and transport infrastructure, community facilities, the protection of high value ecological areas and natural hazard management.
23. Officers note that in isolation, a requirement for spatial planning can be supported. Spatial plans are a useful tool in outlining a high level land use strategy for an area. The Commission does not however consider the structural issues that impact on the ability to effectively deliver spatial planning. These matters have recently been considered by the Council in response to work undertaken by the Local Government Commission.
24. In respect of infrastructure planning, the Commission makes a number of findings, including:
- Current infrastructure planning systems are not responsive, do not align infrastructure supply with land use rules, and lack tools for the provision of city-shaping assets;
  - Institutional and governance arrangement for 'three waters' infrastructure act against responsive supply; and

- There is little merit in proposing large-scale structural reform for urban water services. However there is scope for improved performance in the delivery of water services.
25. In terms of infrastructure funding, the findings include:
- Financial modelling provides some support for arguments made by councils that it can take a long time to recover the costs of new infrastructure.
  - Financial, legislative and political barriers are limiting the ability of local authorities to efficiently recover the costs of infrastructure.
  - The small scale of many projects, and inexperience with Public-Private Partnerships (PPPs), results in a reluctance to engage in them.
  - There are advantages to joint procurement through shared services agreements, particularly when founded on a regional approach to infrastructure planning.
26. The Commission recommends that a future planning system should allow councils to utilise a range of price mechanisms for water and wastewater charges, and pricing for the use of the existing roading network. The use of targeted rates to help fund infrastructure investment where the benefits can be well defined is also supported by the Commission, as is the ability to levy targeted rates on changes in land value resulting from public interventions.
27. A future planning system should provide councils with the ability to use a wide range of infrastructure delivery models, including PPPs. Councils will in turn need to develop the capability to utilise these models successfully.

### **Urban planning and the Treaty of Waitangi**

28. Maori interests in urban development are recognised by the Commission, including Maori land ownership and land development goals. Maori interests in governance and environmental management are increasing as treaty settlements progress and capability is built. However participation, capability and resourcing is variable, including amongst councils.
29. The Commission finds that the current framework for recognising and protecting Maori interests and engagement in the planning system is generally appropriate and can be carried forward into a new planning framework.
30. The proposed submission addresses the range of questions posed by the Commission on this section of the report.

### **Culture and capability**

31. The report makes a wide range of findings in regards to planning culture and capability. Key amongst these findings is an identified gap in council capability regarding technical expertise in economics and environmental science. These gaps are perceived to limit the ability of councils to thoroughly evaluate the costs and benefits of policy responses. The Commission notes that this is also an issue for central government.
32. Officers agree that policy proposals are best informed by appropriate and sound technical expertise, as required on a particular proposal. Some councils are clearly better resourced than others to address these issues. Therefore the recommendations made in this regard, to improve this capability and to improve the rigour of policy analysis, are supported.



### The structure of a future planning system

33. The Commission ultimately recommends the legislative separation of urban planning and environmental protection law. It has not recommended a particular approach to this, suggesting either a single statute of two distinct parts, or two separate pieces of law. On balance, officers recommend submitting in support of two separate pieces of legislation for the reasons outlined in the submission.
34. Primarily, such an approach could provide for the integration of transport and infrastructure planning within a single statute, overcoming some of the conflicts that are inherent in the present statutory structure.
35. There are a number of ongoing initiatives in the resource management system. Aside from the Productivity Commission report, there is the Resource Legislation Amendment Bill, work on a number of national instruments, LGNZ's review of the Resource Management System, and the government's own work on a future system. In all, this presents a disjointed approach to a future planning system and it remains to be seen how the current Productivity Commission report will inform these processes.

### Next Actions

36. It is proposed to lodge the attached submission with the Productivity Commission. A final report will be issued in November and officers will provide an assessment of that report to the new Council.

### Attachments

Attachment 1.	Proposed Submission	Page 294
Attachment 2.	Summary Report - Better Urban Planning	Page 318

Authors	Campbell Robinson, Heritage and Practice Manager Mitch Lewandowski, Principal Advisor Planning
Authoriser	Warren Ulusele, Manager City Planning and Design David Chick, Chief City Planner

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## **SUPPORTING INFORMATION**

### **Engagement and Consultation**

Not applicable.

### **Treaty of Waitangi considerations**

Not applicable.

### **Financial implications**

There are no financial implications.

### **Policy and legislative implications**

There are no direct implications. The report may inform future central government legislative programs.

### **Risks / legal**

There are no implications.

### **Climate Change impact and considerations**

Not applicable.

### **Communications Plan**

Not applicable.

### **Health and Safety Impact considered**

Not applicable.

## **Wellington City Council Submission: *Better Urban Planning***

### **Introduction**

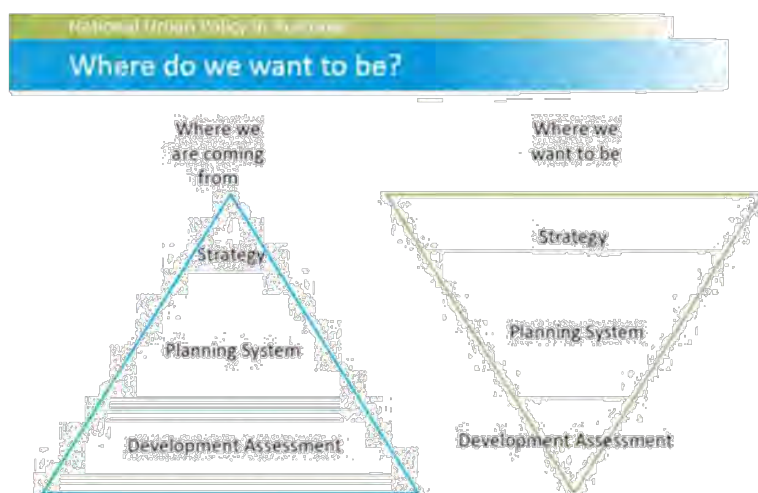
1. Wellington City Council's (the Council) submission is in response to the NZ Productivity Commission's (the Commissions) draft report entitled *Better Urban Planning* released in August 2016.
2. This submission should be read in conjunction with the previous submission on the issues paper as well as the Council's submissions to the Using Land for Housing inquiry and the Council's submission on the Resource Legislation Amendment Bill 2015<sup>1</sup>.
3. Wellington City Council continues to support inquiry into the planning system and welcomes the draft report's recognition of the importance of high-performing cities to both their residents and the national economy. Cities are the drivers of growth and this makes getting the urban planning system right vital, not just to the success of individual cities, but also to the success of the country's economy. All growth is local, and is the result of individual decisions being taken in specific places – creating the best conditions for this growth is one of the primary functions of local and central government. The Council generally supports the overall direction of the report and many of the recommendations.
4. If a new or improved planning system was to be established Wellington City Council seeks that it is built on the following core principles for better urban planning:
  - Better Urban Planning is people focused;
  - Better Urban Planning facilitates and supports community and economic growth;
  - Better Urban Planning enables resilient places and communities including actively responding to Climate Change;
  - Better Urban Planning integrates the social, cultural, environmental, transport and land use needs of current and future communities;
  - Better Urban Planning is efficient and provides clarity to make informed investment and lifestyle choices while also being adaptable to changing needs and conditions;
  - Better Urban Planning delivers quality urban environments through design.
5. We commend the commission for challenging both local and central government to do more to promote better urban planning. Wellington's character reflects its capital city status, and the

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<sup>1</sup> <http://www.productivity.govt.nz/sites/default/files/sub-urban-planning-34-wellington-city-council-91Kb.pdf>  
<http://www.productivity.govt.nz/sites/default/files/sub-using-land-for-housing-21-wellington-city-council-590Kb.pdf>  
[https://www.parliament.nz/en/pb/sc/submissions-and-advice/document/51SCLGE\\_EVI\\_00DBHOH\\_BILL67856\\_1\\_A497269/wellington-city-council](https://www.parliament.nz/en/pb/sc/submissions-and-advice/document/51SCLGE_EVI_00DBHOH_BILL67856_1_A497269/wellington-city-council)

public service is the city's main employer. But just as importantly, and as recognised in the report, government decisions directly affect Wellington's transport, housing, business, health and education services, and much more. We are keen to work with Government and the Wellington Regional Council directly to achieve our shared ambitions and the Council's vision for the city. Many of our goals are the same, and a more joined up, coordinated approach to achieving them will be beneficial to all Wellingtonians and New Zealand as a whole.

6. The Council considers that the current urban planning framework could be greatly improved to deliver the outcomes sought at a National and local government level. Deficiency of the current system is primarily due to its externalities based approach which results in decisions on common urban planning issues being made on a case-by-case basis at the expense of taking a long term strategic or cumulative impact view. This fragmented approach to development acts against well planned, efficient and integrated approaches to the provision of land-use and infrastructure. The Council continues to be frustrated by the limitations of the current planning framework and hopes that many of the findings and recommendations of the draft report will result in tangible change to the existing framework.
7. Further, Wellington City Council is supportive of a system that focuses more attention on the desired outcomes, including the desired character and form of areas than on the process of administering the system. This concept has been well articulated in Australia's National Urban Policy Framework as shown following:



8. Whilst the Council is committed to growing the city in a targeted and sustainable way, through this submission it is seeking to ensure that any future planning system provides the tools it needs to deliver better urban planning.

### **Better Urban Planning – The Wellington Context and Approach**

9. Wellington's CBD is particularly productive. In 2015, Wellington's CBD had a GDP per employee of \$132,437, and a growth rate of 2%. Wellington City itself had a GDP per employee of \$117,523, and 1.5% growth rate, compared to a GDP per employee of \$95,998 and a growth rate of 1.3% nationally. Supporting this productivity with the most appropriate tools is beneficial to both the local and national economy.
10. Evidence from PWC's recent 'Cities of Opportunity' report reinforces the link between infrastructure and well-being<sup>2</sup>. The report says that a city's transport, technology, health, education, security and housing infrastructure must be planned, engineered and maintained to work for urban success.
11. The Council has sought to address the failings in the current urban planning policy framework by proactively planning for the future of the city using collaborative processes with other agencies, stakeholders, and the community.
12. The culmination of this work has been the establishment of the Wellington Urban Growth Plan (WUGP), which incorporates and integrates Council's Urban Development and Transport strategies (2006). The WUGP aligns future growth areas with the provision of urban infrastructure, including transport. This provides a blueprint for development over the next 30 years and provides investment certainty to Government (HNZC, NZTA, Ministry of Education), network utility providers (Wellington Electricity, telecommunication companies), developers and the broader community. The document aims to coordinate as much as possible all the various strands which make up a vibrant urban environment.
13. A clear shortcoming of the current system is that strategic planning frameworks such as the WUGP and place based planning frameworks have no regulatory effect and have little weight placed on them by the Environment Court when considering plan changes and resource consent applications. Unlike the policy environment under the Local Government Act, planning policy under the RMA is always at risk and uncertain. A future planning system will need to address the current failings and provide local government with the tools to undertake better urban planning.
14. A future planning system should assist the Council in taking advantage of the major redevelopment opportunities that exist in Wellington which include Te Aro flat and identified suburban growth areas (Churton Park, Johnsonville, Newlands, and Kilbirnie town centres, and Adelaide Road). As land in these areas is characterised by fragmented or multiple ownership and a variety of land uses, development visions are hard to realise due to their complex nature and the limited mechanisms available to address redevelopment opportunities.

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<sup>2</sup> [http://www.pwc.co.nz/publications/local-government/cities-of-opportunity-nz-supplement/?utm\\_campaign=LocalGovernmentPublications&utm\\_source=campaignmonitor&utm\\_medium=email&utm\\_content=CitiesOfOpportunityNZSuppliment2016](http://www.pwc.co.nz/publications/local-government/cities-of-opportunity-nz-supplement/?utm_campaign=LocalGovernmentPublications&utm_source=campaignmonitor&utm_medium=email&utm_content=CitiesOfOpportunityNZSuppliment2016)



15. The draft report recognises that the positive effects of urban agglomeration are not automatic and are the result of a large number of individual decisions, including decisions made by councils and central government. As a result, cities are complex systems, whose shape depends on what has come before. The challenges and opportunities each city faces are unique and, we argue, will require bespoke tools, flexibilities and solutions to address. The set of planning tools Wellington needs to grow are different to the needs of Auckland, Christchurch and Queenstown, and city councils are in the best place to identify these needs.
16. A “one-size-fits-all” approach to future urban planning policy will invariably produce outcomes that are sub-optimal to address the unique situations of individual places – they will be an average for all, or will be based on the needs of one place and shoe-horned into others. This is not to say that there isn’t a role for national policy frameworks – there is – but there is also a strong case for flexibility in specific circumstances where a case can be made that it would improve outcomes, increase efficiency and ultimately generate new growth.

#### **Wellington City Council’s Proposed Urban Development Authority**

17. The Council has undertaken detailed research including a business case which indicate that, in Wellington City at least, there are actions beyond effective planning regulation and infrastructure provision that the Council can take to improve the delivery, quality and affordability of new development. Wellington City has a constrained supply of new development land due to its geography and dense pattern of development in high demand areas.
18. Against this backdrop the Council proposes to establish an Urban Development Authority (UDA) to assemble land and partner with the private sector and Government to increase housing supply, deliver demonstration projects and affect urban renewal in strategic brownfield locations. Effective regulation and infrastructure provision are also important to this but bringing together the land and providing civic leadership will be critical to providing certainty, attracting private sector development partners, and ultimately delivering more and better development in the City.
19. The Government has already been involved in forming UDAs such as the Tamaki Regeneration Company, and, drawing from the findings of the Commission’s earlier report *Using Land for Housing*, is considering the merits of using them on a larger scale. To this end the Council wants to take the opportunity, through this submission to emphasise that achieving a more responsive and effective urban planning system will involve using a range of tools which go beyond traditional planning regulation and infrastructure provision, and that strategic and selective public intervention in the property market, such as that typically undertaken by UDAs, should be one of those tools.
20. The Council is clear that done well this intervention will result in positive urban planning outcomes. It is also aware that use of such a delivery model poses risks such as putting public finances at risk and potentially unhealthy interference in the property development market. With this in mind the Council has adopted eight key principles to inform the design of its proposed UDA:

- development activities are consistent with the WUGP;
  - has clear terms of reference and is accountable to the Council;
  - is an enabler and not a competitor in the market;
  - operates commercially and at arm's length from the Council;
  - becomes self-funding;
  - is agile and can scale its activities up and down at pace;
  - has an independent, non-political board;
  - operates within risk parameters set by the Council.
21. The Council's view is that a UDA that works to these principles can play an effective role in the Wellington property market and realise better urban planning outcomes. The Council's own research and experience from overseas jurisdictions, particularly the United Kingdom, Australia and continental Europe, demonstrates that a comprehensive and effective urban planning system includes a role for UDAs.
22. Building on the role that UDAs could play in realising a better urban planning framework, the Council notes that there are statutory powers that could be made available to make them more effective. These could include:
- Giving greater clarity to and expanding the use of powers of compulsory acquisition.
  - Making available special planning powers such as streamlined up-zoning and consenting powers.
  - Allowing UDAs to capture uplift in the value of land resulting from streamlined up-zoning and consenting.
  - Targeted taxation mechanisms (such as tax increment financing) that could be applied to project areas as an alternative means of capturing project costs and funding expensive infrastructure items.
23. The Council already functions effectively as a social housing provider and would be well placed to expand its functions to urban development more generally as it has established expertise in many areas of the land development process.

## Response to Questions and Recommendations

24. We have grouped questions and recommendation by report chapter. Where appropriate we have grouped the responses to questions and recommendations together.

### Regulating the Built Environment

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| <p><b>Q7.1</b> Would it be worth moving to common consultation and decision-making processes and principles for decisions on land use rules, transport and infrastructure provision? How could such processes and principles be designed to reflect both:</p> <ul style="list-style-type: none"><li>• the interest of the general public in participating in decisions about local authority expenditure and revenue; and</li><li>• the particular interest of property owners and other parties affected by changes to land use controls?</li></ul> <p><b>R7.3</b> A future planning system should allow for more responsive rezoning, in which land use controls can be set in anticipation of predetermined and objective triggers and activated once those triggers are reached.</p> |
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#### WCC Response:

25. We agree that any future planning system should allow for decisions on key aspects of urban planning to be combined. The Council's own experience is that aligning its strategic planning initiatives with infrastructure investment can be difficult primarily because of the contrasting mandates and consultation requirements involved through the various interrelated but differing pieces of legislation, namely the Resource Management Act, Local Government Act, Land Transport Management Act. Aligning decisions on the key components of urban planning will give investors and developers the confidence to invest more readily.
26. We consider this approach preferable to a price based zoning mechanism. Such a mechanism could be unpredictable, undermine strategic planning and do little to ensure that necessary infrastructure is provided by setting out a future planning framework well in advance of development occurring and therefore not being responsive to changing circumstances. The issue of responsive rezoning can be overcome by a proactive planning approach adopted by local authorities. The National Policy Statement on Urban Development Capacity also seeks to address some this issue by requiring councils to proactively monitor development capacity and respond accordingly.

- Q7.3** Would the features proposed for the built environment in a future planning system (e.g., clearer legislative purposes, narrower appeal rights, greater oversight of land use regulation) be sufficient to discourage poor use of regulatory discretion?
- R7.4** A future planning system should focus urban notification requirements (and any associated appeal rights) on those directly affected, or highly likely to be directly affected, by a proposed development. This would better align the planning system with the fundamental purpose of managing negative externalities.

WCC Response:

27. We agree that regulatory discretion in urban planning is being applied inconsistently across the sector. Possible reasons for this may be a lack of national guidance and the fragmented sharing of best practice between the planning authorities to respond to differences in resourcing and capacity across the sector.
28. We understand the Commissions' concern regarding "poor use of regulatory discretion", in particular the areas of urban design and visual amenity. The Council however strongly believes the quality of the urban environment and good design generally contributes to the way people relate to and feel about the spaces around them, while at the same time being proven to improve the economic prosperity of an area. It is also important, without biasing the status quo, to acknowledge that changing urban environments have an impact on character and heritage areas, and on how easy it is to use and enjoy public spaces. The application of key urban design principles to new buildings and spaces are therefore a key method of improving the quality of urban environment and having regard to those spaces that require some protection.
29. Furthermore, given a District Plan sets a broad overall framework for growth, urban design guides provide flexibility to ensure this growth occurs in the right way. Urban design remains a fundamental part of the resource consent process to ensure both elected officials and ratepayers have confidence in the way urban environments adapt to change.
30. Whilst existing levels of regulatory discretion are sighted by the Commission as a reason innovation is discouraged, conversely the level of discretion can also be used to promote and allow for innovative urban planning solutions where the right culture and appetite for acceptable risk is present. The Council is aware for instance of a number of occasions where development proposals have resulted in increased yield after having gone through a urban design assessment, resulting in win-win outcomes. This trade-off between flexibility and certainty needs to be carefully considered when designing any new planning framework.
31. The Council would further encourage the Commission to look at best practice models internationally where the design process and quality design outcomes is integral to the planning process and creating liveable environments. The use of a type of design review process is a common and effective tool, which can be used to provide progressive certainty to developers, fast-track applications that have been through the design review process and create urban environments that respond to the growing social, cultural, economic and

environmental needs of a city. Many Australian states are now using a form of design review, often based on the CABE model from the UK.

**Q7.4 Would allowing or requiring the Environment Court to award a higher proportion of costs for successful appeals against unreasonable resource consent conditions be sufficient to encourage better behaviour by councils? What would be the disadvantages of this approach?**

32. The Council is concerned that the outlined approach would lead to further arguing and costs being incurred in the court setting. The proposal offered is presumptive and focused on the current regime. Whilst any future planning system needs to provide avenues to appeal or object to conditions, a preferable approach is to focus on streamlining the plan making and consents regime through good guidance and practice.
33. Whilst conditions of consent reflect the level of discretion available to decision-makers, they must meet well established legal tests before they are applied. That is, conditions can only be applied to matters relevant to managing the potential adverse environmental effects of a proposal and meeting the sustainable management principles of the RMA. This approach would similarly apply if a better urban planning piece of legislation was implemented.
34. In the Wellington context, established practice seeks to avoid disputes over conditions by working with the applicant prior to the issuing of a resource consent. Good practice initiatives such as this could be rolled out nationwide by a centre for planning excellence (referred to in R9.2) to increase the capability of the industry. A centre of excellence could also influence outcomes at the local level by assisting councils to move more rules into the restricted discretionary bracket and away from the full discretionary and non-complying bracket. We understand this practice to be currently limited.

**Q7.5 Would it be worthwhile requiring councils to pay for some, or all, costs associated with their visual amenity objectives for private property owners? Should councils only rely on financial tools for visual amenity objectives, or should they be combined with regulatory powers?**

WCC Response:

35. While the Council understands the question raised, it is the view of Council that quality urban environments and design is essential to what makes a liveable and enjoyable place to live, work and play, as described in previous responses.
36. More specifically, the positive effects that accrue to a developer and/or homeowner from realising positive visual amenity objectives and/or urban design requirements have been proven to result in higher sale or re-sale prices for instance, and have equally been proven to reduce crime in neighbourhoods<sup>3</sup>. As such it is the Council's view that the integration of design and visual amenity within the planning system is essential.

<sup>3</sup> [Paved with gold: The real value of street design | Design Council](#)



- R7.1** Future urban planning legislation should clearly prioritise responding to growth pressures, providing land use flexibility, and supporting the ability of residents to easily move through their city.
- R7.2** Information about land price should be a central policy and monitoring tool in any future planning system, and should drive decisions on the release, servicing and rezoning of development capacity.

WCC Response:

37. Council agrees that future urban planning legislation should clearly prioritise responding to growth pressures, providing land use flexibility, and supporting the ability of residents to easily move through their city through an integrated transport, land-use and infrastructure approach.
38. In regards to land pricing, the Council does not consider a price based zoning mechanism is appropriate as it would undermine a coordinated and planned approach towards urban planning. That said it could be one of a number of formal indicators that would trigger councils to reconsider the appropriateness of existing zoning as is being proposed through the National Policy Statement on Urban Development Capacity. Information about land price is an important indicator; however for the reasons outlined previously the Council does not consider that it should be a central monitoring and policy tool, but rather one of many including perhaps capital value and other economic indicators. Putting too much credence on land price as a decision-making factor will lead to unsustainable planning outcomes. In a Wellington context where land is constrained, reliance on a land price will lead to artificial outcomes in a greenfield context for instance where the Council's housing strategy is multi-pronged with a significant focus on infill, intensification and central area apartment development.

- R7.6** Consultation requirements under a future planning system should:
- give councils flexibility to select the most appropriate tool for the issue at hand;
  - allow councils to notify only affected parties of Plan changes that are specific to a particular site;
  - encourage and enable participation by people affected, or likely to be affected, by a decision; and
  - encourage the use of tools that ensure the full spectrum of interests is understood in council decision-making processes, and that allow the public to understand the trade-offs involved in decisions.

WCC Response:

*Better Engagement Tools:*

39. Overall, any future planning system should include principles of good engagement at the core of the system. In general this should occur at the plan-making end of the process where the

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policies and vision for the city and particular areas can be well articulated, communicated and understood, resulting in very little engagement required at the assessment end of the process as to avoid strategic urban planning issues being considered on a consent by consent basis. Whilst any future planning system will need to have minimum engagement requirements, it is important that this is defined at a principle level so that councils have flexibility in identifying and utilising a range of tools depending on the complexity of the urban planning issue it is addressing. This also allows the use of emerging and proven technologies that better communicate and engage with the community e.g. 3D virtual models, web and social media avenues. Options ranging from formal submissions processes to interactive and real-time online metrics need to be available. The Council's most recent Long-Term Plan consultation process is an example of an innovative consultation solution that was well received through the use of the web as a delivery tool, and making the often significant information supplied through these processes accessible in an easily digestible and interactive format.

40. The current engagement requirements under Schedule 1 of the RMA are out of step with emerging consultation trends and the ways that people want to engage in government processes. As a result councils are failing to maximise the opportunity to engage with the very communities affected by urban change. Whilst councils can and still do undertake non-statutory consultation exercises outside of the existing legislative requirements, they may choose not to given the prohibitive costs and time involved and the fact a formalised process is still required once a plan change is notified for example. The Council is open to amending the existing process so that it maintains its robustness but keeps pace with emerging social media trends and encourages more real time active engagement in planning processes.

*Flexible Tools for Plan Making:*

41. Any new planning system needs to provide councils with a range of plan making options that can be tailored to different scenarios. Council further recommends that the Commission and Government consider engagement more broadly across a number of pieces of legislation including the Local Government Act, the Land Transport Management Act and the Resource Management Act and any new Urban Planning legislation, to more fully define engagement principles and planning tools across them in order to ensure integration of the process for more effective place based planning.

*Affected Parties:*

42. Any future planning system should provide councils with a range of plan making methods and consenting pathways that provide a sliding scale of complexity to match the complexity of the plan making exercise or consent at hand. Any future planning model should also consider setting less restrictive bulk and location thresholds rather than trying to more tightly define who is or isn't affected.
43. The Council urges caution about focusing on rigidly defining who is and isn't affected by proposed plan provisions or rules in legislation. The history of RMA reform shows that such an approach may be technically unworkable and may not achieve the outcome sought, which is to

allow a higher level of development as of right without certain regulatory permissions being required.

44. We note the report highlights that New Zealand's planning system is already heavily approvals orientated with only a marginal proportion of all resource consents being notified and an even smaller margin being declined. Public or limited notification is already the exception in the processing of a resource consent applications. The Council believes that it is important that any future planning system ensures that parties that are directly affected by a proposal have a chance to participate in a consent process, while noting that the plan and policy making would have already undergone significant public participation during its development. This is why the principle of strong and clear engagement at the plan setting stage, as well as a system that delivers quality design outcomes is important in considering a new urban planning system.

<b>Q7.2</b>	<b>Should all Plan changes have to go before the permanent Independent Hearings Panel for review, or should councils have the ability to choose?</b>
<b>R7.7</b>	<b>A permanent Independent Hearings Panel should be established to consider and review new Plans, Plan variations and private Plan changes across the country. As with the Auckland and Christchurch IHPs:</b> <ul style="list-style-type: none"><li>▪ <b>councils should retain the rights to accept or reject recommendations from the permanent Independent Hearings Panel; and</b></li><li>▪ <b>once a council accepts a recommendation from the permanent Independent Hearings Panel, appeal rights should be limited to points of law.</b></li></ul>

WCC Response:

45. The Council endorses further flexibility and speed within the plan making process and welcomes a non-compulsory Independent Hearings Panel. There are clear benefits from such processes on large scale plan review processes in terms of the overall speed at which a plan review can be completed.
46. However, the use of IHPs should not be mandatory given the significant variability in the scale and significance of plan changes, as well as the bearing on the national urban planning interest. Drawing on the Auckland and Christchurch IHP processes it would be important to understand if the costs outweigh benefits. Costs of the process may well be higher than those of the current system given its formality. Non-financial cost may include the perception of the process being exclusionary.
47. A benefit of the IHP process is that elected members retain a key democratic role of either accepting or rejecting a panel's recommendations. Any IHP process should be augmented by greater national direction from central government in order to achieve consistency of approach to urban planning issues across the nation.

<b>R7.8</b>	<b>A future planning system should enable councils to provide targeted infrastructure or services investment (e.g., the expansion of green spaces or upgrades to existing</b>
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community facilities) for areas facing significant change, to help offset any amenity losses.

WCC Response:

48. The Council agrees with this recommendation and notes its own work on improving inner city amenity and infrastructure to encourage and enable investment and growth. It is also important to consider how the future beneficiaries of this targeted infrastructure and services investment can contribute to this up-front investment.

**R7.9 Central government should develop processes to more clearly signal the national interest in planning, and have protocols to work through the implications of these national interests with local authorities. It should also monitor the overall performance of the planning system in meeting national goals (i.e., flexibility, sufficient development capacity and accessibility).**

WCC Response:

49. The Council agrees with this recommendation given the current institutional and legislative approaches to urban planning are not fit-for-purpose.
50. Any future planning system needs to be underpinned by a strong forward programme of national direction and guidance, and to provide for system monitoring through platforms such as the National Monitoring System. Wellington City Council is also committed to the Smart Cities – Smart Nation project that means greater access to new technologies and data will improve planning and decision making at a local, regional and national level
51. The Council also encourages the establishment of standardised planning indicators and tools so the debate around the urban change can be measured consistently at a national level. This in turn should also mean more consistency of response to similar issues at a national level. It would be important that these processes and protocols are established collaboratively. Wellington City Council would welcome the opportunity to be part of this exercise.

**R7.10 In a future planning system, central government should have the power to:**

- **override local plans in a limited set of circumstances,**
- **co-ordinate or require common land use approaches to specific issues, and**
- **direct council infrastructure units or CCOs to increase their supply, where the differential between the price of developable and undevelopable land exceeds a pre-determined threshold.**

WCC Response:

52. The Council is cautious about centralised powers. A preferable approach is to establish a constructive, two-way relationship with central government that facilitates open and honest conversations about expectations at the beginning of the plan making process. Engaging at the front end of the plan making process has the following benefits:
1. Ensures that central government direction permeates and influences local government statutory planning, and local government understands the issues and challenges faced at a national level;
  2. Fosters trusted relationships between planning practitioners from local and central government;
  3. Results in best practice being shared across government; and
  4. Results in better central government understanding of the issues and challenges faced by local government and at the community level.

### Urban Planning and the Natural Environment

- R8.1 A future planning system should include a Government Policy Statement (GPS) on environmental sustainability. The GPS should:**
- set out a long-term vision and direction for environmental sustainability;
  - establish quantifiable and measurable goals against which progress would be monitored and reported on; and
  - establish principles to help decision makers prioritise environmental issues when faced with conflicting priorities or scarce resources.
- Q8.1 What should be the process for developing a Government Policy Statement (GPS) on Environmental Sustainability? What challenges would developing a GPS present? How could these challenges be overcome?**

WCC Response:

53. The Council supports further examination of Recommendation 8.1. A GPS as proposed could provide a clear national framework for environmental management. It would also increase central government direction on environmental policy matters, especially at an urban level, which is welcomed by the Council given the general absence of national direction under the RMA. However, as outlined further below, the Council also holds some concerns over the proposal that would need to be addressed before the Council was comfortable supporting such a move.
54. The Commission's report rightly identifies that the development of a GPS on environmental sustainability would be challenging given the range of stakeholders with an interest in the contents of a GPS. The principal difficulty in preparing the GPS would be balancing the wide range of competing interests inherent in such a document.
55. Moreover, the fact that a GPS would be subject to regular review (nominally suggested as 5 years by the Commission) raises the possibility that short-term political concerns would impact on the longer-term environmental issues that a GPS is designed to address. This requires a



process to be designed for the development of the GPS that is cognisant of political cycles to build a stronger sense of certainty into the GPS.

56. By way of example, under the Land Transport Management Act, the Government issues a GPS every 3 years to reflect current policy and funding priorities. This shows that over time priorities change. On the one hand, the ability through a GPS to signal gradual change is advantageous, however it is not clear what level of certainty this provides to private and public sector investors particularly when investment decisions could be long term.
57. The Council agrees with the suggestion that a GPS must be informed by a range of professional and scientific expertise. Given the size of the task, dealing with a wide range of subject areas risks that the quality of outcomes is affected. One possible alternative approach to that of a panel of experts would be to form a range of Technical Advisory Groups ["TAG"] on relevant topic matters to inform the content of the GPS. These groups could address issues such as biodiversity, water quality, natural hazards, air quality and climate change adaptation individually.
58. As an adjunct, a collaborative approach involving experts and targeted stakeholder group representatives, including from the broader community could be employed. This however runs the risk of becoming overly cumbersome unless appropriately structured and managed but is more likely to result in a higher degree of consensus on completion.
59. Putting the process to one side, the Council would expect that a GPS includes an appropriate engagement, consultation and submission component. Certainly, the local government sector would be a key partner in the development of the GPS given the central role local government would play in its implementation and monitoring. Any model would need to be underpinned by a rigorous evidence based approach.
60. From the draft document the proposed GPS on environmental sustainability appears to focus on the natural environment. It is less clear whether the same GPS would deal with issues of urban development. For instance, the GPS is mooted to replace existing National Policy Statements and Environmental Standards. However with a natural environment focus, it is unclear whether the GPS would subsume existing and currently proposed national direction on urban matters such as telecommunications, urban development capacity, waste minimisation and energy management.

**Q8.2 Would a greater emphasis on adaptive management assist in managing cumulative environmental effects in urban areas? What are the obstacles to using adaptive management? How could adaptive management work in practice?**

WCC Response:

61. The Council agrees that cumulative effects are difficult to deal with, whether in terms of the natural or built environment. Greater application of adaptive management in the urban environment could be beneficial, for instance in the area of managing stormwater discharges to natural waterbodies.
62. The Council agrees that adaptive management should not, and cannot, replace the current 'predict and control' approach entirely. Rather it should be a complementary tool. Adaptive management can be employed as a "ratchet" tool, used where an action to meet a standard is set, but where new information indicates a problem is worse or a standard is unlikely to be met. Adaptive management could then trigger a requirement to respond to the new information or problem. It should be used as a sinking lid tool to manage negative environmental outcomes.
63. The Council sees the main obstacle to such an approach being the ongoing monitoring framework that will need to be implemented and the associated costs it brings. There is also the risk that based on the level of sunk investment, changes to approved development to address issues of cumulative effects may simply be impractical or uneconomic.
64. The Council also recognises the importance to plan for and respond to climate change and other shocks and stresses. Wellington is currently developing and implementing strategies to ensure that our community, environment and built infrastructure can respond and adapt to these pressures.

**R8.2 Before attempting to use urban planning as a means of reducing GHG emissions in New Zealand, a more robust empirical research base should be developed reflecting New Zealand circumstances. Specifically, research should aim to improve the government's understanding of local factors that shape urban GHG emissions in New Zealand, and the extent to which urban planning can influence these factors.**

WCC Response:

65. Wellington's generally dense and compact urban form enables a high uptake of walking, cycling and public transport. It is no coincidence that Wellington's GHG emissions are the lowest in Australasia on a per capita basis, also benefitting from good access to renewable energy sources.
66. The Council is of the view that integrated urban planning plays a key role in reducing GHG emissions (for instance from transport). An evidence base is therefore an important input in determining future planning directions, targets and measures.

**R8.3 Central and local government should develop an agreed set of principles to govern the development of national regulations that have implications for the local government sector. This should be along the lines of the 'Partners in Regulation' protocol recommended in the Commission's report Towards Better Local Regulation (2013).**

WCC Response:

67. The Council supports this recommendation as it seeks to create a level of consistency in how regulation is developed at a national scale. It notes however that there are alternatives and/or complementary tools to this approach in urban planning. For instance, the current work being undertaken by the Ministry for the Environment in developing a National Plan Template could be a vehicle to further refine the extent of planning regulations, depending on the eventual scope of this work. The Council cautions however that such an approach needs to strike an appropriate balance between creating a level of national consistency whilst still allowing for local customisation to respond to particular local issues.

**R8.4 When regulating urban spillovers affecting the natural environment, a future planning system should provide government bodies access to the full suite of policy tools including market-based tools.**

WCC Response:

68. The Council agrees with this recommendation and supports access to a full suite of tools to address such issues, including market based tools. Mechanisms such as market offer critical opportunities to inspire behaviour change without heavy-handed regulation.

**Urban Planning and Infrastructure**

**R9.1 Spatial plans should be a standard and mandatory part of the planning hierarchy in a future system. Spatial plans should be tightly defined and focus on issues closely related to land use, in particular the provision of water and transport infrastructure and community facilities (e.g., green space, reserves, conservation areas, and libraries), protection of high value ecological sites, and natural hazard management.**

**Q9.1 Which components of the current planning system could spatial plans replace? Where would the greatest benefits lie in formalising spatial plans?**

WCC Response:

69. Engagement between central and local government will be critical to the success of spatial plans. As schools, highways, hospitals, emergency services and the like are the remit of central government, both levels of government need to work together to deliver shared outcomes for urban areas to serve their communities effectively.
70. The Council agrees that there are benefits to be achieved through the formalisation of structure plans in the planning system and has supported the concept of spatial planning in previous submissions. Council also recognises the need for greater collaboration between central government and local authorities to deliver a much more integrated approach and spatial plan.
71. Council agrees that spatial plans should be tightly defined and sees their primary purpose as outlining a high-level future urban form, key physical infrastructure and social infrastructure

projects, and general development patterns that could be informed by structure plans where they are in place.

72. The Council agrees that an RLTP (Regional Land Transport Plan) could be incorporated into a spatial plan given the synergistic relationship between transport infrastructure and land use.

**R9.2 As part of the transition to a future planning system, central government should establish a centre of excellence or resource that councils could draw on to conduct real options analysis in the development of land use plans.**

WCC Response:

73. The Council supports this recommendation in principle. Such a centre could build on existing resources such as the Quality Planning website. It could also provide a resource to aid councils in developing and implementing planning tools beyond regulatory plans such as the range of market based tools outlined by the Commission.

**R9.3 A future planning system should include institutions or formal processes through which councils and central government can work together to assess major programmes of urban infrastructure investment with wider spillover benefits.**

WCC Response:

74. The Council welcomes this recommendation and highlights the current approach being taken through the Let's Get Wellington Moving joint initiative between NZTA, GRWC and WCC. The benefit of this example is that it is allowing the agencies to work together with the community to identify the city shaping potential and benefits of urban infrastructure. Central government funding and involvement is critical to the success of major infrastructure developments, which often act as catalyst projects for a city or district. Integration between local and central government is vital to the success of urban and the national economy. It will be important that any future planning system reflect a rounded view of the economy to ensure that infrastructure decisions are linked to wider central government and local government priorities and plans.
75. The Council is open to work with the Government on such an agreement or process.

**Infrastructure: Funding & Procurement**

- Q10.2** Would there be benefit in introducing a legislative expectation that councils should recover the capital and operating costs of new infrastructure from beneficiaries, except where this is impracticable?
- Q10.3** Would alternative funding systems for local authorities (such as local taxes) improve the ability to provide infrastructure to accommodate growth? Which funding systems are worth considering? Why?
- R10.2** Councils should use targeted rates to help fund investments in local infrastructure, wherever the benefits generated can be well defined.
- R10.3** A future planning system should enable councils to levy targeted rates on the basis of changes in land value, where this occurs as the result of public action (e.g., installation of new infrastructure, upzoning).

WCC Response:

76. At a general level Council supports exploration of new funding models because infrastructure delivery, upgrade and maintenance represents a significant proportion of Council's spending and can place upwards pressure on rates funding. New models of funding may help to ease these pressures and may also allow local authorities to "front load" the delivery of more infrastructure (hard and soft) and thereby give greater direction and confidence to the community and development market.
77. In the Wellington context there is significant potential to leverage off upcoming infrastructure investment and policy changes such as the 'Let's Get Wellington Moving' project currently underway. The diversion of non-essential vehicles from the inner city enables the consideration of increased development and the creation of much more attractive and welcoming environments, including a stronger connection to the waterfront and throughout the city.

- Q10.4** Would there be benefit in allowing councils to auction and sell a certain quantity of development rights above the standard controls set in a District Plan? How should such a system be designed?

WCC Response:

78. As indicated, the Council is fundamentally supportive of any tool being made available that provides local government with alternative funding options. The use of transferrable development rights and bonuses based on delivering greater community benefit such as public art, heritage restoration and adaptive reuse are well recognised internationally.
79. The Council is open to further exploration and discussion on this matter.



**Q10.5 Should a requirement to consider public-private partnerships apply to all significant local government infrastructure projects, not just those seeking Crown funding?**

WCC Response:

80. The Council agrees that Public Private Partnerships can play a useful role in delivering infrastructure outcomes and community benefit and agrees that such an approach should be considered as part of the scoping process of significant projects. As many local government projects will not be at a scale for the use of PPP's, with even some large scale local government not being suitable, their use should be discretionary based on the need and what will create greatest value for the community.

**R10.1 A future planning system should allow councils to:**

- set volumetric charges for both drinking water and wastewater; and
- apply prices for the use of existing local roads where this would enable more efficient use of the road network.

WCC Response:

81. The current system does not prevent a Council from using a volumetric charge for water and it is noted that the Rating Act specifically allows for water meter charges. Similarly the Local Government Act has provisions for trade wastes. Volumetric charging for domestic wastewater is not currently provided for in any legislation and the current practice of using water meters as a proxy for waste water is flawed. Any future planning system should consider the use of 'resource rental' charge for water abstracted in order to drive use to the highest and best use.
82. We agree that any new system should allow councils to apply pricing for existing local roads as it recognises that the efficient and effective movement of people and goods is essential to the economic growth of our cities. Whilst the use of such a pricing tool would need to be carefully considered in terms of its equity, the concept is welcomed for further exploration as it expands the methods of paying for growth enabling infrastructure.

**R10.4 A future urban planning system should give councils the capability to use a wide range of innovative infrastructure delivery models, including public-private partnerships. Councils, either alone or through joint agencies, will need to develop the capabilities to operate such models successfully. Future arrangements could build on current regional shared-services initiatives that increase project scale and develop project commissioning expertise.**

WCC Response:

83. The Council is supportive of this recommendation and any tools made available to local government to provide and fund infrastructure on a sustainable footing. The Council already has considerable experience in the utilisation of shared-service arrangements, which lends

itself well to such an approach. Council also notes that local government infrastructure generally has very long life cycles accompanied by strong community dependency and so any institutional arrangement for its provision and operation needs to allow for its eventual replacement or renewal.

### **Urban Planning and the Treaty of Waitangi**

**Q11.1 What policies and provisions in district plans are required to facilitate development of papakāinga?**

WCC Response:

84. The current tangata whenua section of the Wellington City District Plan does not include any specific papakāinga provisions. A current review, to be completed in 2017, will consider the possibility of new policies to reflect Treaty settlement provisions as well as a possible papakāinga policy.
85. Whilst there are no specific provisions within the District Plan the Te Aro Pā Trust, with WCC, Te Tumu Paeroa and Te Puni Kōkiri, established the only papakāinga development on Māori land in Wellington City in May 2016. It is a contemporary kainga made up of three-bedroom units and four one-bedroom units for young families, kaumatua and professionals who are connected to the original Ngāti Ruanui and Taranaki iwi people of Te Aro.

**Q11.2 How can processes involving both the Te Ture Whenua Act 1993 and the Resource Management Act 1991 be better streamlined?**

WCC Response:

86. The Te Ture Whenua Māori Land Act 1993 defines ancestral land for papakāinga is owned by multiple owners for and on behalf of future owners/generations. An emerging issue is land returned through Treaty settlements to be administered by Māori owners which is excluded for papakāinga development. The problem is that returned land is designated as 'fee simple' land rather than 'Maori owned' land. The most likely process to address this would be by way of amending the Te Ture Whenua Maori Land Act 1993.
87. The Te Ture Whenua Māori Bill is currently before the Māori Affairs Select Committee. Proposed clauses 41 and 42 of the Bill will enable land administrators to lease certain whenua tapui for residential housing for up to 99 years to now establish papakāinga.

**Q11.3 Do councils commonly use cultural impact assessments to identify the potential impact of developments on sites and resources of significance to Māori? How do councils set the thresholds for requiring a cultural impact assessment? Who sets the fees for a cultural impact assessment and on what basis? What are the barriers to cultural impact assessments being completed in good time and how can those barriers best be addressed?**

WCC Response:

88. Cultural Impact Assessments (CIA) are only requested where development occurs in close proximity to sites of significance to iwi (defined in the District Plan) or where development relates to land or a body of water (as defined under S77 LGA).
89. Questions related to the fees for CIAs and any barriers to their implementation are better answered by the Māori planning practitioners (e.g Ngā Aho and Papa Pounamu) and iwi who engage often in planning processes.

**Q11.4 What sort of guidance, if any, should central government provide to councils on implementing legislative requirements to recognise and protect Māori interests in planning? How should such guidance be provided?**

WCC Response:

90. The challenge for local authorities is to establish robust mechanisms that fulfil, in a meaningful manner, the statutory obligations designed to protect Māori interests. On a national basis the capability of local authorities to fulfil statutory obligations to Māori/Treaty of Waitangi is inconsistent and ad-hoc, and this means that the active protection of Māori interests continues to be at risk. A central government centre for excellence (R9.2) accompanied with comprehensive guidance could help to address this issue.
91. In order to address such risks in the Wellington context the Council's Effectiveness for Māori Framework: He Waka Eke Noa was established in 2015. This framework is designed to provide key performance indicators and steps to assist the Council and its officers to meet its statutory obligations to Māori/Treaty of Waitangi across a range of Council functions.

**11.5 In what way, if any, and through what sort of instrument, should legislative provisions for Māori participation in land-use planning decisions be strengthened?**

WCC response:

92. This question is perhaps better answered by the Māori planning practitioners (e.g Ngā Aho and Papa Pounamu) and our iwi partners who engage often in planning processes.

### **Culture and Capability**

**R12.1 A future planning system should place greater emphasis on rigorous analysis of policy options and planning proposals. This will require councils to build their technical capability in areas such as environmental science and economics. It would also require strengthening soft skills – particularly those needed to engage effectively with iwi/Māori.**

#### WCC Response:

93. The Council agrees with this recommendation. Any future planning system will need a strong evaluative framework that enhances the existing provisions under section 32 of the RMA. A more robust evaluative framework will need to promote improved technical standards across the industry. Wellington City Council works hard to ensure it remains at the forefront of planning practice through targeted recruitment, effective training and development and by investing in new technologies, such as our e-plan. These considerations require greater attention within the planning system.
94. Section 32 of the RMA was amended by the 2013 Resource Management Amendment Act. The amendments to the section were brought in to address concerns noted by the Productivity Commission. We suggest that the Ministry for the Environment undertake a comprehensive review of the effectiveness of the new section 32 provisions prior to consideration of any further legislative change in this area. This review could be used to inform the establishment of a new evaluation framework for a future planning system.
95. The Council remains committed to adopting best practice in engaging with iwi Maori as demonstrated by the He Waka Eke Noa (Effectiveness for Māori Framework, EFM) which was launched in 2015. The framework aims to create a pathway to enable the Council to strengthen Māori communities, create innovative ways to facilitate Māori participation in our decision making and empower our organisation's capacity to respond effectively to our Māori stakeholders and communities.

**R12.2 Central government should improve its understanding of urban planning and knowledge of the local government sector more generally. An improved understanding will help promote more productive interactions between central and local government.**

#### WCC Response:

96. The Council agrees with this recommendation, and would welcome the opportunity to enter into a long term and genuine partnership with our central government partners to improve urban planning practice. We are keen to work with the Government and Wellington Regional Council to achieve our shared ambitions and vision for the city.

### A Future Planning Framework

**Q13.1 What are the strengths and weaknesses of these two approaches to land use legislation?**

WCC Response:

97. As a matter of principle, the Council is supportive of a planning system that is outcomes focused and that recognises the important role and interrelationship that urban environments play in achieving sustainable and prosperous communities in conjunction with the protection and management of natural environments. It is important therefore to ensure that a new planning system fully recognises and enables the role of appropriate urban development, which supports economic growth while at the same time protecting and even enhancing the natural environment for future generations to enjoy and benefit from.
98. As such the question of whether a single statute should be split into two parts, or whether the two separate laws would be of greater benefit is of lesser importance if the principle above is achieved. There is good evidence internationally that positive cultural, social, economic and environmental outcomes can be achieved through specific urban development legislation.

**• What are the strengths and weaknesses in keeping a single resource management law, with clearly separated built and natural environment sections?**

WCC Response:

99. The principal benefit of this approach is that it can ensure a greater amount of integration between the two components. The risk of pursuing two separate laws is that of ensuring there is an appropriate interface between the two. This however can be resolved through careful and considered drafting during its development.
100. In terms of weaknesses, such a law could be overly cumbersome in terms of size. Certainly one of the issues with the RMA is its growth over time through each of its many amendments. The ease of usability of the law could therefore be eroded in a single statute.

**• What are the strengths and weaknesses in establishing two laws, which regulate the built and natural environment separately?**

WCC Response:

101. Establishing two laws would provide a dedicated, fit for purpose framework relevant to the issues of each topic. This would address the long discussed issue of a lack of express recognition of the urban environment in the RMA.
102. The potential benefit of a single urban development law in particular would be the ability to better integrate matters of transport and infrastructure planning. There has long been a



disconnect, as identified by the Commission, between these matters given the separate pieces of legislation governing each topic.

103. The risks of this approach mirror those identified above, being the need to sufficiently integrate each statute to ensure appropriate coverage of the interface between the urban and the natural environments. The two cannot be arbitrarily split; therefore careful consideration would need to be given to how such an interface is codified. The Council cites the interface between the RMA and Building Act in dealing with earthquake prone buildings as an example of an overlap between two laws that has led to a lack of certainty in urban planning.

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| <p><b>13.2 Which of these two options would better ensure effective monitoring and enforcement of environmental regulation?</b></p> <ul style="list-style-type: none"><li>• Move environmental regulatory responsibilities to a national organisation (such as the Environmental Protection Authority).</li><li>• Increase external audit and oversight of regional council performance.</li></ul> |
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WCC Response:

104. The Council agrees that effective monitoring and reporting is essential to inform policy responses, improve systems and processes, as well as being able to respond to developing trends. It is recognised that monitoring under the current RMA has not been as comprehensive or consistent as it could and should be.
105. The Council however cautions against the establishment of unnecessary layers of administration without being very clear on the objectives and outcomes being sought. The Commission would need to satisfy itself that the benefits of mandating a national organisation to undertake environmental monitoring and reporting outweigh the costs.

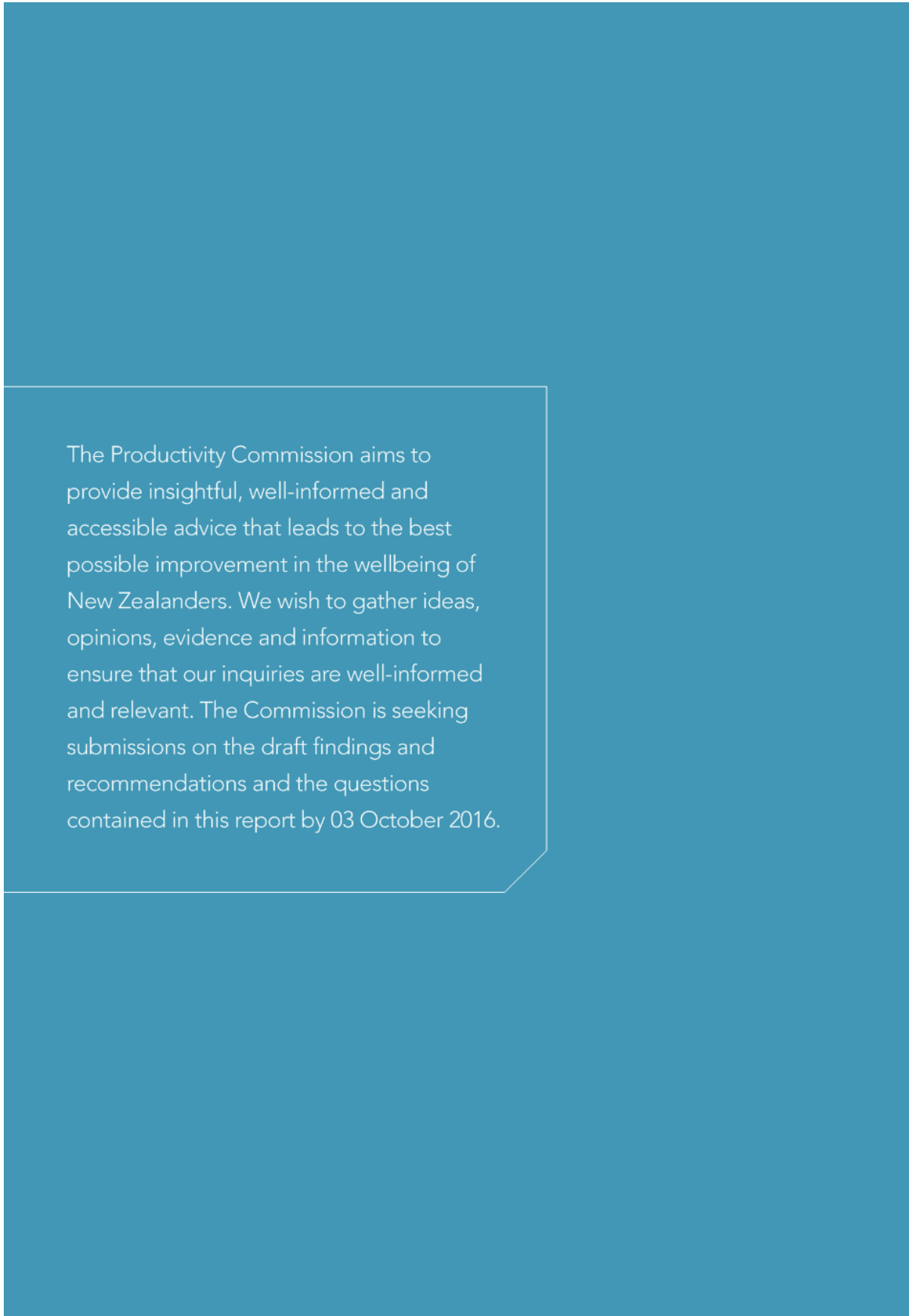
NEW ZEALAND  
PRODUCTIVITY COMMISSION  
Te Kōmihana Whai Hua o Aotearoa



# Better urban planning

Draft report – summary version

August 2016



The Productivity Commission aims to provide insightful, well-informed and accessible advice that leads to the best possible improvement in the wellbeing of New Zealanders. We wish to gather ideas, opinions, evidence and information to ensure that our inquiries are well-informed and relevant. The Commission is seeking submissions on the draft findings and recommendations and the questions contained in this report by 03 October 2016.

# Better urban planning

## Draft Report – Summary version

August 2016

### The New Zealand Productivity Commission

Te Kōmihana Whai Hua o Aotearoa<sup>1</sup>

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Date: August 2016

The Commission – an independent Crown entity – completes in-depth inquiry reports on topics selected by the Government, carries out productivity-related research and promotes understanding of productivity issues. The Commission aims to provide insightful, well-informed and accessible advice that leads to the best possible improvement in the wellbeing of New Zealanders. The New Zealand Productivity Commission Act 2010 guides and binds the Commission.

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<sup>1</sup> The Commission that pursues abundance for New Zealand



## Terms of reference

### **NEW ZEALAND PRODUCTIVITY COMMISSION INQUIRY INTO THE SYSTEM OF URBAN PLANNING IN NEW ZEALAND**

Issued by the Minister of Finance, the Minister of Local Government, the Minister for Building and Housing, the Minister for the Environment, and the Minister of Transport (the "referring Ministers").

Pursuant to sections 9 and 11 of the New Zealand Productivity Commission Act 2010, we hereby request that the New Zealand Productivity Commission ("the Commission") undertake an inquiry into alternative approaches to the urban planning system.

#### **Context**

In its 2012 housing affordability report, the Productivity Commission noted:

*Planning must take account of the Resource Management Act (RMA), the Local Government Act (LGA) and the Land Transport Management Act (LTMA). These statutes have different legal purposes, timeframes, processes and criteria. With multiple participants and decision-makers, there is no single mechanism for facilitating engagement, securing agreement among participants and providing information for robust decision-making. The Government should consider the case for reviewing planning-related legislation. (p10)*

*Development proposals are broken down into economic, infrastructure and environmental components, and examined separately according to relevant legislation. This disconnect can make it difficult to achieve quality integrated urban development. (p121)*

The Commission recommended the Government "consider the case for a review of planning-related legislation to reduce the costs, complexity and uncertainty associated with the interaction of planning processes under the Local Government Act, the Resource Management Act and the Land Transport Management Act."

These regimes underpin not just planning for housing but the productivity of New Zealand's wider economy. Many parts of the regime have been in existence for considerable time and have evolved in a piecemeal fashion. International best practice has also moved on, and a fundamental review of the urban planning system is due.

#### **Scope and aims**

The purpose of this inquiry is to review New Zealand's urban planning system and to identify, from first principles, the most appropriate system for allocating land use through this system to support desirable social, economic, environmental and cultural outcomes.

The review should identify options to align the priorities of actors and institutions within these regimes, where possible; improve economic, environmental and community outcomes through urban planning; and to deliver optimal efficiency in the delivery of these outcomes.

This will include identifying the most effective methods of planning for and providing sufficient urban development capacity including residential, commercial, industrial and place-based amenity uses, supporting infrastructure and linkages with other regions.

The review should look beyond the current resource management and planning paradigm and legislative arrangements to consider fundamentally alternative ways of delivering improved urban planning, and subsequently, development.

It should also consider ways to ensure that the regime is responsive to changing demands in the future, how national priorities and the potential for new entrants can be considered alongside existing local priorities and what different arrangements, if any, might need to be put in place for areas of the country seeing economic contraction rather than growth.

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The scope of this review should include, but not be limited to the kinds of interventions and funding/governance frameworks currently delivered through the Local Government Act, the Resource Management Act, the Land Transport Management Act and the elements of Building Act, Reserves Act and Conservation Act relating to land use (as well as the formal and informal processes, institutions and practices around these pieces of legislation).

The review should also consider the interaction of the urban planning system with planning for other regions and identify those areas where broader system-level change is needed to deliver more efficient urban planning.

The inquiry should cover:

- Background, objectives, outcomes and learnings from the current urban planning system in New Zealand, particularly:
  - how environmental and urban development outcomes have changed over the last twenty years
  - explaining the behaviour, role and capability/capacity of councils, planners, central government, the judiciary and private actors under the regime.
  - the tendency for increasing complexity and scope creep of institutions and regulatory frameworks.
- Examination of best practice internationally and in other cases where power is devolved to a local level in New Zealand.
- Alternative approaches to the urban planning system.

The report should deliver a range of alternative models for the urban planning system and set up a framework against which current practices and potential future reforms in resource management, planning and environmental management in urban areas might be judged.

#### **Exclusions**

This inquiry should not constitute a critique of previous or ongoing reforms to the systems or legislation which make up the urban planning system. Rather, it is intended to take a 'first principles' approach to the urban planning system.

#### **Consultation**

To ensure that the inquiry's findings provide practical and tangible ways to improve the performance of the urban planning system, the Commission should consult with Local Government New Zealand, the Society of Local Government Managers and the wider local government sector.

The Commission should also consult with the Parliamentary Commissioner for the Environment, non-governmental organisations, resource management practitioners and lawyers and affected industry groups; taking note of the significant bodies of work already produced by many of these groups.

#### **Timeframes**

The Commission must publish a draft report and/or discussion document, for public comment, followed by a final report that must be presented to referring Ministers by 30 November 2016.

HON BILL ENGLISH, MINISTER OF FINANCE

HON PAULA BENNETT, MINISTER OF LOCAL GOVERNMENT

HON DR NICK SMITH, MINISTER FOR BUILDING AND HOUSING, MINISTER FOR THE ENVIRONMENT

HON SIMON BRIDGES, MINISTER OF TRANSPORT

## About the summary version

This summary version provides the key points, questions, findings and recommendations from the Productivity Commission's draft report as part of its inquiry *Better Urban Planning*.

The terms of reference for this inquiry invite the Commission to review New Zealand's urban planning system and to identify, from first principles, the most appropriate system for allocating land use through this system to support desirable social, economic, environmental and cultural outcomes. The inquiry will look beyond the current resource management and planning system to consider fundamentally different ways of delivering urban planning and development.

The report follows the release of the issues paper in December 2015, consideration of submissions; meetings with a wide range of interested parties; and the Commission undertaking its own research and analysis.

To see the full version of the draft report - including information on how to make a submission – please visit our website [www.productivity.govt.nz](http://www.productivity.govt.nz).

### Key inquiry dates

Submissions due on the draft report	03 October 2016
Engagement with interested parties on the draft report	August – November 2016
Final report to the Government	30 November 2016

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## Overview

The Government has asked the Productivity Commission to undertake an inquiry into the system of urban planning in New Zealand. The main purpose of the inquiry is to “review New Zealand’s urban planning system and to identify, from first principles, the most appropriate system for allocating land use through this system to support desirable social, economic, environmental and cultural outcomes”. The inquiry will look beyond the current resource management and planning system to consider fundamentally different ways of delivering urban planning. The aim of the inquiry is to set out what a high-performing urban planning system would look like. In doing so, the Commission was asked to consider the background, objectives, outcomes and lessons from the current urban planning system in New Zealand as well as international best practice.

### Why this inquiry is important

Well-functioning cities and urban areas matter a great deal to the wellbeing of New Zealanders. When cities function well, they provide greater access to and choices of housing, better protection of our natural environment and cultural values, and quality infrastructure at the right time in the right place. Well-functioning cities also provide greater choices of employment and higher wages, a wider pool of labour for firms, and more opportunities for specialisation, innovation and easier transfer of ideas – the engine of economic prosperity.

Successful cities are not only places where people work; they are also attractive places where people consume goods and services, play and are creative, all within urban areas that have atmosphere and unrivalled access to a wide range of amenities. Successful New Zealand cities also acknowledge the special relationship of Māori with the land on which cities are built, and provide “great spaces and places for Māori to be Māori” (Ngā Aho & Papa Pounamu, 2016, p. 31).

But the growth of cities also creates costs as a result of people working and living in close proximity to one another. Costs include pressure on infrastructure, congested roads and long commutes, air pollution and degradation of the natural environment, as well as unavailability of affordable housing. Urban growth can also lead to social exclusion through segregation of people across space by income. These costs put a premium on good city organisation and planning where the advantages of urban growth and city living can be enjoyed and the costs and negative impacts of such growth can be effectively minimised.

### What makes a high-performing city?

The “first principles” mandate of this inquiry led the Commission to investigate the nature of cities, and the factors that contribute to their success (Chapter 2). Most of the benefits from cities are created by the innumerable decisions that people and firms make about where best to locate, trade and meet. As urbanist Jane Jacobs observed, the “point of cities is multiplicity of choice.” Rising incomes and new technologies mean that these preferences shift over time. Land that was once best employed for manufacturing may now be ideally-placed for new retail or residential units. As a result of these wider social developments, cities evolve in unexpected and unpredictable ways.

A number of factors stand out as important underlying drivers of high performing cities (Box 1).

#### Box 1 Factors that make a successful city

- Planning frameworks are responsive and are able to adapt to changing values, preferences, technology, populations and demographic patterns, economic trends, and expectations.
- Development capacity is sufficient for housing and other land uses to meet demand. Reasonably priced housing makes it easier for workers to move to locations and jobs where they can best use their skills.



- Infrastructure investments are coordinated effectively with land supply and population growth. This means well-coordinated transport infrastructure that enables residents to get to work at a wide range of locations, at reasonable cost and in a reasonable time. It also means the land for public streets, infrastructure networks and public open spaces being planned and secured well before development begins. In this way infrastructure plays an important “city shaping” role.
- Effective governance arrangements that integrate land use with the provision of infrastructure and public amenities in a complex, rapidly evolving environment. This includes a strong interface between all levels of government.
- The quality of the natural environment in urban areas is managed effectively. This acknowledges that the natural environment plays a major role in the liveability of cities, most notably through the provision of substantial ecosystem services.
- Development supports the social and economic participation of residents from all areas of the city.
- Social, cultural and creative vibrancy.

### Planning can contribute to wellbeing

While the choices of people and firms are the driving force behind how cities grow and evolve, urban planning makes three main contributions to wellbeing. The first contribution is to ensure that people and firms appropriately consider any negative impacts on others and the natural environment. One implication of people living and working close to each other is that decisions about land use can affect others. Urban planning can help manage conflicts between people, by setting up rules and policies to minimise significant harms on others and by setting up processes to reach decisions on competing interests.

Second, urban planning can also create the opportunities and conditions that enable people and firms to make their decisions. This is seen most clearly in the organisation and provision of infrastructure, where the supply of water pipes and roads is needed before development can take place. Third, urban planning can ensure that communities have access to the public spaces, facilities and amenities that help support wellbeing and vibrancy in cities

However, there are limits to what planning can achieve, and attempts to steer cities in particular directions can be harmful. To make the greatest contribution to wellbeing, planning systems need to be open to growth, able to respond to unexpected change, and respectful of the decisions made by individuals and firms.

In examining alternative planning approaches and design attributes that could form the basis of a future planning system in New Zealand, the Commission has been guided by the extent to which the following four goals are likely to be achieved:

- flexibility and responsiveness - ability to change land uses easily;
- provision of sufficient development capacity to meet demand;
- mobility of residents and goods to and through the city; and
- ability to fit land-use activities within a defined biophysical envelope.

### Outcomes from the current system

An important avenue of investigation for this inquiry is getting a sense of whether the urban planning system in New Zealand has delivered the outcomes expected of it. The planning system is governed by three main statutes – the Resource Management Act 1991 (RMA); the Local Government Act 2002 (LGA); and the Land Transport Management Act 2003 (LTMA). The RMA is primarily a regulatory statute, while the LGA and the

LTMA govern budgeting, service and infrastructure provision and planning. The purposes of the three principal planning Acts suggest that the main outcomes sought from the planning system are the maintenance of or improvements in environmental quality, the supply of local infrastructure and services in a timely and cost-effective manner and to desired standards, and the safe and reasonably easy movement of goods and people.

Given the focus of this inquiry on urban planning, the Commission has focussed on those environmental outcomes most closely connected to cities, urban development and land use. These include air quality, drinking and recreational water quality, and climate change. For urban outcomes, the Commission has focused on four measures that reflect the purposes of the current Acts, are essential to the effective functioning of cities, or both. These measures are:

- the availability of sufficient development capacity to respond to population growth pressures;
- the speed and safety with which people and goods can move around a city;
- the extent to which essential infrastructure and services (eg, roads, water treatment, waste management, public transport) keep pace with demand and are maintained; and
- the ability of local residents and governments to fund essential infrastructure and services over time.

Available data provides a mixed picture of the performance of the urban planning system in New Zealand. (Box 2)

**Box 2 Outcomes from the current urban planning system**

- Air quality generally complies with national standards, is good by international levels, and has improved against some measures. Despite these improvements, air quality problems remain in some smaller New Zealand cities and towns.
- The proportion of New Zealanders serviced by safe drinking water has increased over time, reflecting more effective regulation, support from central government and increased investment from local authorities in water treatment.
- The quality of fresh water is generally lower in waterways that flow through urban areas. The sources of pollution in urban waterways typically include sewage leaks and stormwater run-off.
- Net and total greenhouse gas emissions have increased by 54% and 26% respectively since 1990.
- Development capacity has failed to keep pace with demand in New Zealand's fastest growing cities. Partly as a result, housing affordability has deteriorated significantly over the past 25 years. People on lower incomes feel the burdens of this deterioration most heavily.
- Urban congestion levels have been broadly steady for the past 10 years, and traffic-related accident and fatality rates have been falling since the 1970s. Despite improvements, New Zealand has a relatively high rate of traffic-related deaths compared with other developed countries.
- New Zealand has low levels of public transport use by developed world standards. The rates of public transport use have been broadly stable since the early 2000s.
- More New Zealanders live in dwellings connected to systems for treating sewage than the OECD average. New Zealand sewerage systems appear to score somewhat poorly against a number of international benchmarks.



The ability of councils to change or improve outcomes through the planning system depends to a large degree on whether local government is the primary actor. Changes in technology and consumer preferences, and central government policy, can be more significant factors. However, the muted effects on many urban and environmental outcomes described above point to weaknesses in the design and operation of the New Zealand planning system.

Underlying political dynamics have constrained the effectiveness of the planning system for both urban and environmental outcomes. For environmental outcomes, these dynamics include pressure both from some sectors not to regulate pollution stringently. In the urban environment, these dynamics include pressure from incumbents to introduce restrictive land use rules and not raise rates or debt to pay for the infrastructure required to enable new development. Any new planning system needs to consider, and manage, these dynamics.

### Urban trends in New Zealand

The inquiry investigated a number of important urban trends in New Zealand cities. A rich picture of spatial transformation can be observed, which raise important policy issues and insights for this inquiry (Box 3).

**Box 3      New Zealand urban trends**

- New Zealand is a largely urbanised country, yet this result is highly dependent on how an ‘urban area’ is defined. The commonly cited figure that 86% of New Zealanders live in urban areas is based on a New Zealand-specific definition that includes cities and small towns. Other common definitions lead to lower levels of urbanisation.
- Population growth in New Zealand has been unequally distributed, with much growth concentrated in or near Auckland while most other main urban areas have grown either modestly or not at all. Populations have mostly declined in smaller urban areas. These trends are projected to continue.
- Auckland is larger, younger, denser, faster growing and more ethnically diverse than other New Zealand cities. Strong natural increase and international migration have driven its growth.
- New Zealand cities tend to grow out rather than up. Except for Wellington, recent urban growth has largely occurred in outer suburbs.
- New Zealanders in cities are living closer together. In particular, the populations of Auckland and Wellington have become significantly denser over the last 15 years. Both cities are among the densest in Australasia, although they are not very dense by international standards.
- Significant income and education disparities exist in New Zealand’s largest cities. People who earn more and are more educated cluster in inner suburbs and suburbs with natural amenities, while those who earn less and who are less educated tend to live in the outer suburbs.
- Many New Zealand councils have policies aimed at creating a compact urban form for their cities, yet most have struggled to meet this goal. While cities have become denser overall, growth tends to be accommodated largely through developing land in outer suburbs, rather than through the sought-after intensification of inner-city areas. Barriers to densification include a lack of development capacity and community support for inner-city living.

### A diagnosis of the current planning system

The Commission has reviewed the component parts of New Zealand’s urban planning system and identified a number of institutional, legislative, regulatory and process deficiencies that hamper its performance and achievement of the above urban planning goals.

## **Institutions, legislation and processes**

The starting point for reviewing New Zealand's urban planning system is the efficacy and workability of the three primary statutes – the RMA, the LGA, and the LTMA. The founders of the RMA envisaged it as an enabling statute that would produce "tightly targeted controls that have minimum side effects" (Upton, 1991). The RMA has failed to deliver on this goal. The carrying over of old traditions and institutions from the former Town and Country Planning Act 1977, capability gaps, and insufficient checks on regulatory quality contributed to this failure.

The debate about the meaning of core concepts within the RMA and LGA has been considerable. This debate has led to rising frustration with the performance of the RMA (particularly in handling growth pressures in urban areas) and successive legislative amendments. Repeated amendment to the planning statutes have increased their complexity and reduced their coherence.

Fundamentally, the planning system aims to deal with conflicts between competing demands for resources (eg, land, clean air, fresh water), competing citizen interests and competing values (eg, development, amenity, and environmental protection). Yet the current system makes the resolution of these conflicts harder than it should be.

An important conclusion of this inquiry is that the planning legislation lacks clarity and focus. Chapters 7 and 8 outline how ambiguous and broad language in the RMA and LGA has led to a regulatory overreach in urban areas, and a lack of stringency in the regulation of the natural environment. Overreach in urban areas has created unduly restrictive rules that obstruct development, unhelpful exercises of regulatory discretion and unnecessary conflicts and costs.

Setting clear priorities within the planning system is particularly difficult (with the exception of the land transport system). The broad framing of Part 2 of the RMA (which sets out the Act's purpose and principles) provides limited guidance on how to differentiate important from less-important natural environmental issues, and does not give prominence to urban issues. Central government has a number of tools it can use to emphasise particular issues or approaches (such as National Policy Statements (NPSs) and National Environment Standards (NESs)). Yet such instruments can sometimes be slow to prepare and translate into local plans and policies, and have no clear hierarchy. It is unclear, for example, what a council should do when it faces conflicts between different national instruments.

At the local level, as the Parliamentary Commissioner for the Environment has observed, the RMA provides little guidance as to which environmental effects councils should focus on when considering resource consent applications; all "are to be avoided, remedied or mitigated – regardless of their importance" (2014, p. 1)

Planning decisions have local and national impacts. A lack of central government presence in the urban planning system has meant that the planning system has not represented the national interest well for many years. This has led to unbalanced decisions. For example, decisions that suit some local concentrated interests, but have harmful wider effects, most notably rising land and housing costs.

Central government currently lacks the capability and systems needed to support well-informed, proportionate, and timely intervention and effective engagement with local authorities on planning issues. This limits the central government's ability to understand local planning issues and engage meaningfully with councils over the impact and suitability of their proposed land use rules and policies.

Finally, another important finding of this inquiry is that the planning system lacks responsiveness. The planning system is not well set-up to deal with the change and unpredictability inherent in growing cities. Decision-making processes to change land use rules are slow and uncertain, partly due to the multiple avenues open to relitigate them in the courts. Resistance to change from some local residents, an indiscriminating approach to avoiding adverse effects, and infrastructure funding tools that do not adequately reflect or recover costs or account for the risk placed on councils also inhibit the system's ability to respond promptly to growth pressures.

## What changes are needed?

The Commission has identified a number of priority areas for change.

### Clearer distinctions between the built and natural environment

The natural and built environments require different regulatory approaches. The natural environment needs a clear focus on setting standards that must be met, while the built environment requires assessments that recognise the benefits of urban development and allow change. Current statutes and practice blur the two environments, provide inadequate security about environmental protection and insufficient certainty about the ability to develop within urban areas. Rather than attempting to regulate these different issues through the same framework, a future planning system should clearly distinguish between the natural and built environments, and clearly outline how to manage the interrelationship between the two.

### Greater prioritisation

A future system should be clearer about its priorities, especially at a national level and regarding land use regulation and infrastructure provision. New Zealand's system is unusual by international standards in that central government has relatively blunt tools with which to signal its priorities, and key legislation (ie, the RMA) provides little guidance. Early critics of the RMA charged that, in leaving so much indeterminacy in the Act's language, Parliament had abdicated its rule-making responsibilities, leaving the courts to resolve difficult issues (McLean, 1992; Harris, 1993). This reflects unresolved tensions within the RMA around the balancing of environmental and socio-economic interests. One area where the system adequately identifies priorities is land transport management. A future planning system would benefit from applying elements of this model more broadly.

### More responsive infrastructure provision

A future planning system needs to be responsive in providing key infrastructure, especially where cities are facing high population growth. Infrastructure is a binding constraint on increases in the supply of development capacity, and on the ability to respond to growth pressures. A future planning system needs a clearer statutory framework for water services, funding mechanisms that better recover costs and reflect the risks involved, better procurement practices, and tools for councils to manage pressures on existing assets.

### A more restrained approach to land use regulation

A future planning system should only apply rules where there is a clear net benefit, where the link to externalities is clear, and where alternative approaches are not feasible. This implies:

- broader zones that allow more uses,
- greater reliance on pricing and market-based tools rather than rules;
- less use of subjective and vague aesthetic rules and policies;
- greater use of local evidence to support land use rules, instead of relying on heuristics generated from overseas studies (eg, assumptions that higher-density urban areas necessarily result in their residents behaving more sustainably); and
- clearer and broader "development envelopes" within which low-risk development is either permitted or only subject to minimal controls.

### Stronger capabilities within councils and central government

A key lesson from the implementation of the RMA is that successfully introducing a new planning regime is not just about replacing legislation. It also requires changes to the underlying institutions – both formal and informal – and capability and culture. In particular, a future planning system would place greater emphasis on rigorous analysis of policy options and planning proposals. Councils will need to build their technical capability in areas such as environmental science and economics. Soft skills such as communication, mediation and facilitation skills will need strengthening, as well as an understanding of Māori worldviews.



Central government will also need to improve its urban planning capability and knowledge of the local government sector more generally (Chapter 12).

### **A future planning framework**

This section sets out what a high-performing planning system would look like. As such, it provides a framework against which to judge current practice and potential reforms in resource management, planning and environmental management in urban planning.

#### **A presumption that favours development in urban areas, subject to clear limits**

The legislation governing urban planning would clearly specify that the primary purposes of the planning system are to:

- enable development and changes in land use;
- ensure the provision of sufficient development capacity to meet demand; and
- promote the mobility of people and goods to and through cities.

The legislation would also make clear that urban development would need to fit within biophysical limits (specified through the Government Policy Statement (GPS) on environmental sustainability, outlined below).

Clearer legislative purposes will provide better guidance to councils on the sorts of land use rules and policies that should be put in place. A permanent independent hearings panel (IHP) would then scrutinise these proposed rules against the legislative purposes (Chapter 7). Clearer purposes would also give councils greater scope to accept only private Plan changes that promoted the goals of flexibility, sufficient supply, mobility, or fitting urban development within biophysical limits.

Factors that should help to encourage more responsive infrastructure provisions in support of development include:

- the greater availability of value capture mechanisms (such as targeted rates that capture the uplift that arises from rezoning);
- more use of pricing for water and roads;
- clearer statutory arrangements for water infrastructure; and
- better aligned legislative planning requirements (Chapters 9 and 10).

Councils would be encouraged to adopt more sophisticated approaches to procuring infrastructure, and central government could provide greater advisory support to local authorities wishing to use such tools (eg, public-private partnerships).

#### **A clearer set and hierarchy of priorities for the natural environment**

In a future planning system, central government would issue a GPS on environmental sustainability that would have to be given effect to in local plans. This GPS would differ from the current NPSs and NESs in that it would lay out clear environmental priorities and articulate principles to help decision makers prioritise environmental issues when faced with scarce resources or conflicting objectives.

The aims of replacing NESs and NPSs with a single GPS on environmental priorities would be to:

- focus the efforts of the planning system on protecting aspects of the natural environment most at risk or under pressure;
- provide clearer guidance to councils on where to put their resources;
- encourage central government to regularly review the state of the environment and identify priority areas for action; and

- coordinate the environmental protection efforts of local government (through planning) and central government (through its regulatory and funding levers).

As it can take some time to change plans and implement new policies, the GPS will need to have some longevity.

Ideally, the development of each GPS would be informed by scientific advice on the state of the environment, and on the most significant threats to its health. Chapter 8 cited some criteria from the Parliamentary Commissioner for the Environment which could be used to guide advice on an environmental GPS.

### **More, and more robust, environmental management tools**

Rather than relying primarily on rules and other command and control methods, councils would have access to a wider array of policies, including market-based tools. Under a future planning system, central and local government would work more closely to:

- develop standardised methods, data and assumptions to inform effective and locally tailored strategies for adapting to climate change; and
- remove barriers to the development and use of market-based instruments.

More effective management of cumulative effects is a priority for any future planning system. The existing “predict and control” approach struggles to cope with the complexity and uncertainty of natural systems. A greater emphasis on adaptive management is needed.

### **Infrastructure pricing and funding that more accurately reflects actual costs, use and impacts**

The prices charged for installing and using infrastructure under a future planning system would better reflect the actual costs of providing and operating those assets, and the negative externalities created by overuse. This will help to encourage more efficient locational decisions by developers, ease congestion and discourage wasteful use of scarce resources. It would also help to avoid unnecessary investment and debt costs for councils. A clearer process for central and local government to identify, assess and agree on large-scale “city-shaping” infrastructure works should help projects with wider spillover benefits to emerge and succeed. There is also scope for local authorities to make greater use of innovative procurement models, such as public-private partnerships. A future planning framework should ensure councils have the capability to use such infrastructure delivery models (Chapters 9 and 10).

### **Rezoning and regulatory change that adapts more rapidly to circumstances**

Instead of every change in Plan provisions and land use regulations going through the Schedule 1 process, under a future planning system a larger share of land use rules would change automatically in response to pre-identified, objective triggers. In urban areas, this could include land prices hitting certain thresholds or the installation of specified infrastructure. In rural areas, land use rules could be linked to predetermined environmental standards (eg, if nutrient levels in rivers increase beyond particular levels, more stringent controls could be “switched on”). This would provide a more responsive regulatory environment.

Similarly, where price differentials between land zoned for development and non-developable land at the fringe of cities exceed thresholds set by central government, local authorities will be obliged to provide more development capacity, either through “upzoning” within established areas or through rezoning and servicing new greenfields land (NZPC, 2015). Ensuring that the commitment to bring land price inflation under control is credible, and to act where the land price threshold is exceeded, will require the Crown to have the powers and capacity to ensure land is rezoned and serviced, if necessary.

### **A focus on those directly affected by change, not third parties**

Notification requirements in a future planning system would be more squarely focused on those directly affected by a resource consent application or land use Plan change. This would better align the operation of

the system with its fundamental purpose of managing negative externalities. It would also reduce the opportunities for vexatious litigation, and increase the certainty and timeliness of decisions.

The general public would continue to be able to participate in the processes for reviewing land-use plans, but the ability to appeal council decisions on a Plan would be limited. Only those individuals or groups who could demonstrate that the changes in policy or rules would directly affect them would be able to appeal. Where the council accepted the recommendations of the permanent IHP on a change or review of a Plan, no individual or group could then appeal.

### **A different role for the Environment Court**

The Environment Court would play a different role under the planning system proposed by the Commission. The introduction of a permanent IHP, narrower notification criteria, and more limited abilities to appeal council decisions on regulatory plans for land use, would reduce the Court's workload. This would help provide greater finality and certainty about regulatory decisions.

The Court would, however, still be needed to hear cases where:

- councils rejected recommendations from the IHP;
- directly affected parties wished to challenge a consent decision;
- applicants wanted to challenge resource consent decisions or conditions; or
- decisions of national importance were "called in".

The Environment Court would also continue to have roles and functions under other statutes.

### **More representative, less rigid consultation**

Consultation processes about land use rules would be less regimented under a future planning system, and councils would face higher expectations. They would actively seek to:

- encourage and enable participation by people affected, or likely to be affected, by a decision; and
- understand the perspectives and interests of the full range of the community, not just those who take part in formal consultation processes.

Instead of having to use the prescriptive and rigid approach laid out in Schedule 1 of the RMA, councils would have more flexibility to select the consultation or engagement tool most appropriate to the issue under consideration (Chapter 7).

### **Continued recognition and protection of Māori interests**

Māori have a broad range of interests in both urban development and the protection of the natural environment (Chapter 11). So there should continue to be an expectation under a future planning system that councils will engage with Māori/iwi early on in the development and review of Plans, and clear provisions to ensure that engagement. This should include the tools that currently exist in planning and other related statutes (eg, devolution and joint management arrangements), and in current planning practices (eg, the identification and protection of sites of significance to Māori and the use of cultural impact assessments).

### **Spatial planning as a core, and fully integrated, component**

Spatial plans should be a standard and mandatory part of the planning hierarchy in a future system. New and expanded infrastructure increases the supply of development capacity and can improve the mobility of people and goods. Signalling the future location and timing of infrastructure investment is therefore important for the efficient and effective operation of land markets, and for the achievement of the goals of a future planning system. Ensuring that sufficient land (for public streets, other infrastructure networks and public open spaces) has been secured and planned ahead of development is also important for the efficient future growth and operation of cities.

In recent years a number of local authorities have recognised these benefits and adopted spatial plans that lay out their long-term vision for urban development and help to align land-use planning and the provision of infrastructure. Yet these spatial plans have no official status under the RMA, which leads to frustrating duplication of process.

Making spatial plans a formal and mandatory part of the planning system risks adding to the system’s overall cost and complexity. Given the focus of spatial plans on infrastructure and transport planning, there would seem to be opportunities to partially or fully replace the infrastructure strategy requirements of the LGA and regional land transport plan requirements of the LTMA with a properly defined spatial plan. Removing some other elements of the current planning hierarchy may also be possible.

To ensure that spatial plans are sufficiently flexible to cope with the uncertain growth and evolution of urban areas over time, councils should use real-options analysis when preparing them.

### Central government as a more active partner in the planning process

Central government would more clearly signal the national interests in planning decisions, and would monitor the overall performance of the planning system in meeting national goals (ie, flexibility, sufficient development capacity and accessibility) and environmental priorities.

Because poor local planning decisions can create wider social costs and residual risks for the government, central government will continue to need intervention powers. These would include the ability to override local plans in a limited set of circumstances, to co-ordinate or require common land use regulatory approaches to specific issues (eg, the installation of utilities), and to direct council infrastructure units or providers where there is a need to ensure a credible commitment to reducing land prices.

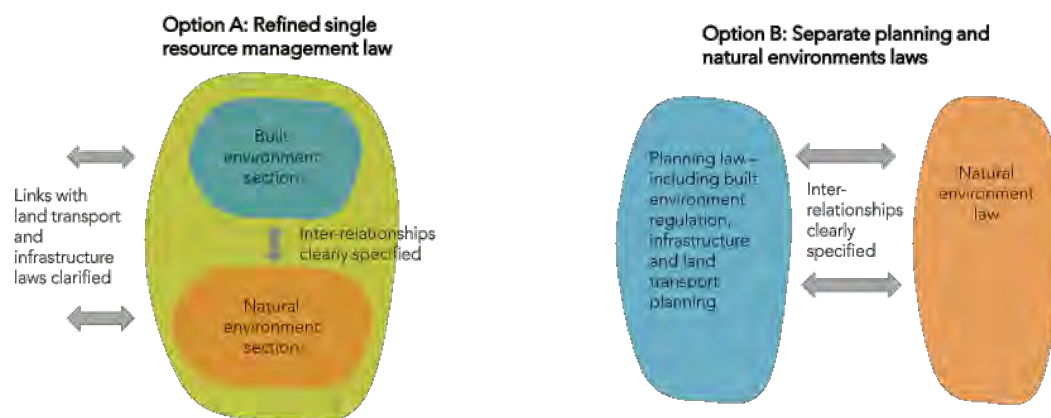
### Issues still to be resolved

The Commission is seeking feedback on two issues still to be resolved

#### Legislative separation of planning and environmental protection?

Setting the goal of having clearer distinctions between the natural and built environments raises the question of how to reflect this in legislation. The Commission has considered two approaches – retention of a single resource management law, but with clearly separated natural and built environment sections; and establishment of two laws, which regulate the built and natural environment separately (Figure 1). Under either approach, the Commission envisages land use legislation having separate purposes and definitions for the natural and built environments. Feedback is sought on which approach would work better.

**Figure 1 Two possible future legislative models**





## **Centralisation of environmental enforcement, or greater oversight of regional councils?**

Making progress on environmental priorities will require more robust monitoring and enforcement. Performance by regional councils on this front has been disappointing. Monitoring efforts are often under-resourced and enforcement decisions show evidence of some political interference (Chapter 6). This raises the question of whether different institutional arrangements would lead to better performance.

One option is to expand the Environmental Protection Authority's (EPA) role to take over national environmental regulation, enforced and monitored through a network of regional offices. A less radical alternative would be to increase oversight of council monitoring and enforcement activities. For example, the EPA or Environment Ministry could be explicitly given responsibilities to audit and report publicly on the monitoring and compliance performance of regional councils.

Feedback is sought on which of these two options would be the most effective in monitoring and enforcing environmental regulation.

## **Conclusion**

High-performing cities have planning arrangements that enable them to succeed in a complex and dynamic environment with unpredictable long-term outcomes. Well-designed urban planning systems can contribute to greater wellbeing by helping to manage the inherent conflicts between competing citizen interests, competing values, and competing demands for resources. By providing the necessary institutional and regulatory architecture for people to make choices about their future, planning systems help to maximise the considerable benefits of living and working in cities while minimising the costs.

However, while urban planning has a legitimate and important role in addressing distinct problems of urban development, there are limits to what planning can achieve. Overly intrusive and restrictive planning will sap the dynamism of cities and erode the benefits from living and working in cities.

A review of the component parts of New Zealand's urban planning system has identified a number of deficiencies that are discussed in this report. The Commission has found that the current planning system is slow to adapt and is risk averse. Processes for updating land use rules are slow and uncertain. There is too much unnecessary, poorly-targeted regulation. Many councils have sought to manage or direct the evolution of cities in highly-detailed and prescriptive ways. Resistance to change from local residents and barriers to funding new infrastructure also inhibit a city's ability to grow and respond to change.

The system's problems have their roots in both its design and implementation. Ambiguous and broad language in current planning laws has led to overly restrictive rules in urban areas, 'scope creep', and an under-emphasis on the natural environment. The relevant primary legislation does not give prominence to urban issues, and it is difficult to set clear priorities for the natural environment. The lack of central government guidance has led to decisions that suit local interests, but which have negative wider impacts such as rising land and housing prices.

A future planning system should be forward-looking, responsive and adaptive. This means a more restrained approach to land use regulation, infrastructure that is delivered at the right time and at the right place, and infrastructure pricing and funding that more accurately reflects actual costs, use and impacts.

A new system should also make a clearer distinction between the built and natural environment and unambiguously state the important priorities, especially at the national level. This would provide the necessary guidance to councils on how to apply the law and where to put council resources.

Finally, and importantly, any future planning system will not be successful unless there are stronger professional capabilities at both the local and central government level, along with an organisational culture that is fit for purpose to meet the new demands of a future planning system. The absence of these aspects is perhaps the most important lesson and legacy from implementing the RMA.



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In a future planning system, a different relationship between both levels of government will be required, one that is based on mutual understanding, collegiality and effective interactions, as both are mutually dependent on each other for their success.

As Ed Glaeser, the eminent Harvard economist says in his book, *Triumph of the cities* (2011); 'cities are humanity's greatest invention, they make us richer, smarter, greener, healthier, and happier'. To realise the potential of our greatest invention requires the best urban planning framework that we can devise. This draft report sets out what such a framework would look like and seeks feedback from interested parties on this.

## Summary of questions

### Chapter 7 – Regulating the built environment

Q7.1

Would it be worth moving to common consultation and decision-making processes and principles for decisions on land use rules, transport and infrastructure provision? How could such processes and principles be designed to reflect both:

- ▶ the interest of the general public in participating in decisions about local authority expenditure and revenue; and
- ▶ the particular interest of property owners and other parties affected by changes to land use controls?

Do the consultation and decision-making processes and principles in the Local Government Act adequately reflect these interests?

Q7.2

Should all Plan changes have to go before the permanent Independent Hearings Panel for review, or should councils have the ability to choose?

Q7.3

Would the features proposed for the built environment in a future planning system (eg, clearer legislative purposes, narrower appeal rights, greater oversight of land use regulation) be sufficient to discourage poor use of regulatory discretion?

Q7.4

Would allowing or requiring the Environment Court to award a higher proportion of costs for successful appeals against unreasonable resource consent conditions be sufficient to encourage better behaviour by councils? What would be the disadvantages of this approach?

Q7.5

Would it be worthwhile requiring councils to pay for some, or all, costs associated with their visual amenity objectives for private property owners? Should councils only rely on financial tools for visual amenity objectives, or should they be combined with regulatory powers?

### Chapter 8 – Urban planning and the natural environment

Q8.1

What should be the process for developing a Government Policy Statement (GPS) on Environmental Sustainability? What challenges would developing a GPS present? How could these challenges be overcome?

Q8.2

Would a greater emphasis on adaptive management assist in managing cumulative environmental effects in urban areas? What are the obstacles to using adaptive management? How could adaptive management work in practice?

### Chapter 9 – Urban planning and infrastructure

Q9.1

Which components of the current planning system could spatial plans replace? Where would the greatest benefits lie in formalising spatial plans?

## Chapter 10 – Infrastructure: funding & procurement

- Q10.1** Is there other evidence that either supports or challenges the view that “growth does not pay for growth”?
- Q10.2** Would there be benefit in introducing a legislative expectation that councils should recover the capital and operating costs of new infrastructure from beneficiaries, except where this is impracticable?
- Q10.3** Would alternative funding systems for local authorities (such as local taxes) improve the ability to provide infrastructure to accommodate growth? Which funding systems are worth considering? Why?
- Q10.4** Would there be benefit in allowing councils to auction and sell a certain quantity of development rights above the standard controls set in a District Plan? How should such a system be designed?
- Q10.5** Should a requirement to consider public-private partnerships apply to all significant local government infrastructure projects, not just those seeking Crown funding?

## Chapter 11 – Urban planning and the Treaty of Waitangi

- Q11.1** What policies and provisions in district plans are required to facilitate development of papakāinga?
- Q11.2** How can processes involving both the Te Ture Whenua Act 1993 and the Resource Management Act 1991 be better streamlined?
- Q11.3** Do councils commonly use cultural impact assessments to identify the potential impact of developments on sites and resources of significance to Māori? How do councils set the thresholds for requiring a cultural impact assessment? Who sets the fees for a cultural impact assessment and on what basis? What are the barriers to cultural impact assessments being completed in good time and how can those barriers best be addressed?
- Q11.4** What sort of guidance, if any, should central government provide to councils on implementing legislative requirements to recognise and protect Māori interests in planning? How should such guidance be provided?
- Q11.5** In what way, if any, and through what sort of instrument, should legislative provisions for Māori participation in land-use planning decisions be strengthened?



## Chapter 13 – A future planning framework

**Q13.1**

What are the strengths and weaknesses of these two approaches to land use legislation? Specifically:

- What are the strengths and weaknesses in keeping a single resource management law, with clearly-separated built and natural environment sections?
- What are the strengths and weaknesses in establishing two laws, which regulate the built and natural environment separately?

**Q13.2**

Which of these two options would better ensure effective monitoring and enforcement of environmental regulation?

- Move environmental regulatory responsibilities to a national organisation (such as the Environmental Protection Authority).
- Increase external audit and oversight of regional council performance.

## Findings and recommendations

The full set of findings and recommendations from the report are below.

### Chapter 2 – High-performing cities

#### Findings

<b>F2.1</b>	The benefits of agglomeration result from innumerable decisions of people and firms to locate in cities. Planners do not have the information on personal preferences, capabilities, production technologies and business relationships that would enable them to engineer agglomeration benefits. Policy and planning that facilitate people and firms making location choices based on their own information and judgement are likely to produce the greatest benefits.
<b>F2.2</b>	City form evolves largely as the result of complex interactions of individual choices about where and how to live and conduct business. Over the longer run, the outcome of these choices, in terms of where and how a city will grow, is unpredictable.
<b>F2.3</b>	Well-performing cities provide an effective coordinated transport infrastructure that enables residents to get to work at a wide range of locations, at reasonable cost and in a reasonable time.
<b>F2.4</b>	As cities grow bigger, spatial inequalities (the segregation of people across space by income) emerge. Well-performing cities can ameliorate this tendency and its effects, through good planning and infrastructure provision that limit land price increases. Higher land prices force low-income people to live in suburbs with long travel times to available jobs and desirable amenities.
<b>F2.5</b>	A well-performing city uses formal and informal institutions at a sub-metropolitan level that build trust and enable residents to engage constructively in working through contested development plans and policies.
<b>F2.6</b>	Well-performing cities provide benefits to residents and to the wider economy through the delivery of an adequate supply of development capacity for housing. Reasonably priced housing makes it easier for workers to move to locations and jobs where they can best use their skills; and to access other amenities that make cities attractive.

### Chapter 3 – A rationale for planning

#### Findings

<b>F3.1</b>	<p>The three main and well-founded rationales for urban planning are to:</p> <ul style="list-style-type: none"><li>▪ regulate negative spillovers when people build structures, work and live near each other;</li><li>▪ make decisions about the provision and funding of local public goods to best meet the needs of residents; and</li><li>▪ invest in and run local and regional infrastructure to provide essential services for local residents and businesses; and to coordinate different infrastructure investments with land development.</li></ul>
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**F3.2**

Land-use plans and planning systems vary on dimensions such as:

- whether plans focus more on outcomes than on prescriptive, detailed rules;
- whether land use regulations use directive, place-specific rules; or rules that simply prohibit types of effects on other property owners;
- the distribution of responsibilities and powers between the central government and local communities;
- the balance struck between local and national interests; and
- the extent that plans are integrated (vertically and horizontally).

**F3.3**

Cities present a challenge for urban planning, given that it is not possible to predict or control in a fine-grained manner their development paths. An overly directive approach to regulating land use in cities risks suppressing the diversity, creativity and entrepreneurship that successful cities display.

One response to the complex, adaptive nature of cities, is for planners to use a relatively few, simple rules that prohibit certain types of harmful spillover effects. Planners would otherwise leave households and businesses free to develop private land as they wish.

Another logical response is a collaborative, participative approach to city development in which local communities, within envelopes set by higher levels of government, work out their own provisional and adaptive solutions to emergent opportunities and threats that arise as cities develop.

Hybrids of these approaches are possible and may be optimal.

## Chapter 4 – Urban trends

### Findings

**F4.1**

The extent of New Zealand's urbanisation depends very much on the definition used. The commonly cited figure that 86% of New Zealanders live in urban areas is based on a New Zealand-specific definition. Other definitions indicate lower levels of urbanisation.

**F4.2**

Low-growth cities have older populations and tend to experience a greater decline in the share of their young adult population compared with faster-growing cities. As this age group makes up a large proportion of a city's working age population, population decline is likely to have a negative impact on average income growth.

**F4.3**

The populations of Auckland and Wellington have become significantly denser over the last fifteen years. Both cities are among the densest in Australasia, although they are not very dense by international standards.

**F4.4**

New Zealand cities tend to grow out rather than up. Except in Wellington, recent urban growth has largely occurred in outer suburbs.

- F4.5** Spatial inequalities in levels of income and education exist in New Zealand's largest cities. Residents who earn more and are more educated tend to cluster in the inner suburbs and in suburbs with desirable natural attributes. By contrast, residents who earn less and are less educated tend to cluster in the outer suburbs.
- F4.6** Many New Zealand councils have policies aimed at creating a compact urban form for their cities. Yet most have struggled to achieve this goal, particularly in densifying their inner-city suburbs.

## Chapter 5 – The urban planning system in New Zealand

### Findings

- F5.1** There has been considerable debate about the purpose of the Resource Management Act 1991, and the practical implications of "sustainable management" for council plans and rules. Confusion about the purpose of the RMA in its early years made it harder for councils to develop and implement land use plans.
- F5.2** The differing purposes of the three planning Acts create internal tensions, duplication, complexity and costs.
- F5.3** The founders of the Resource Management Act envisaged it as an enabling statute that would produce "tightly targeted controls that have minimum side effects". The RMA has failed to deliver on this goal. Critics charge the RMA with creating excess costs, complexity and poor regulation, while many councils have struggled to make "effects-based" plans work.
- F5.4** Appeal rights in New Zealand are broader than in other comparable jurisdictions. The ability to appeal provisions of Plans is particularly unusual.
- F5.5** The carrying over of old traditions and institutions from the former Town and Country Planning Act, capability gaps, and local government restructuring, contributed to the Resource Management Act failing to achieve its potential.
- F5.6** Although local authorities are required to ensure that their plans, policies and regulations are necessary, efficient and effective, these checks and balances have had disappointing effects.
- F5.7** Apart from land transport, central government has, until very recently, played a relatively weak role in leading and managing the planning system.



<b>F5.8</b>	<p>After decades of greater devolution of planning powers to local government, recent developments have seen a trend towards central control.</p> <ul style="list-style-type: none"> <li>• Amendments to the Local Government Act have narrowed the purpose of local government, introduced more planning requirements, imposed standardised reporting obligations on councils, and given central government more powers to intervene.</li> <li>• Amendments to the Resource Management Act have increased Ministerial powers to direct changes to plans, removed some decisions from councils, and increased the expectations for regulatory analysis.</li> </ul>
<b>F5.9</b>	<p>A notable recent trend has been legislative exceptions to the main planning system to meet the governance needs or challenges of particular areas (Auckland, Waikato and Canterbury), as central government has promoted national goals over local interests.</p>
<b>F5.10</b>	<p>Continual reform of the planning statutes has increased their complexity, reduced the coherence of the legislative frameworks, and made it harder for councils to implement the planning system and for the general public to participate in it.</p>

## Chapter 6 – Outcomes from the current system

### Findings

<b>F6.1</b>	<p>Air quality generally complies with national standards, is good by international levels, and has improved against some measures. However, air quality problems remain in some smaller New Zealand cities and towns.</p>
<b>F6.2</b>	<p>The proportion of New Zealanders serviced by safe drinking water is high and has marginally increased over time, reflecting tighter regulation, support from central government and increased investment from local authorities in water treatment. Compliance with drinking water standards is higher in more populous areas.</p>
<b>F6.3</b>	<p>Freshwater quality is generally lower in waterways that flow through predominantly urban areas. The sources of pollution in urban waterways typically include sewage leaks and stormwater run-off.</p>
<b>F6.4</b>	<p>Net and total greenhouse gas emissions increased from 1990 to 2014 by 54% and 23% respectively. Most of the increases were due to road transport activities, agriculture and reduced carbon dioxide absorption from forests.</p>
<b>F6.5</b>	<p>Housing affordability, as expressed as the portion of the community paying more than 30% of disposable income on housing, has deteriorated significantly over the past 25 years. People on lower incomes feel the burdens of this deterioration most heavily.</p>
<b>F6.6</b>	<p>Congestion levels in major New Zealand cities have been broadly steady for the past 10 years, and traffic-related accident and fatality rates have been falling since the 1970s. Despite recent improvements, New Zealand still has relatively high rates of traffic deaths by the standards of other developed countries</p>
<b>F6.7</b>	<p>Urban New Zealanders currently have good access to green space.</p>

<b>F6.8</b>	New Zealand has low levels of public transport use by developed world standards, and rates of public transport use have been broadly stable since the early 2000s.
<b>F6.9</b>	A slightly higher proportion of New Zealanders live in dwellings connected to sewage treatment systems than OECD averages. Available comparative information suggests that New Zealand sewerage systems compare unfavourably against a number of international performance benchmarks.
<b>F6.10</b>	The absence of national standards and local or political resistance has limited the planning system's ability to manage pollution of fresh water or cumulative pollution.

## Chapter 7 – Regulating the built environment

### Findings

<b>F7.1</b>	The planning system shows considerable evidence of unnecessary, excessive and poorly-targeted land use regulations.
<b>F7.2</b>	Many local authorities in New Zealand discourage or prevent the development of commercial activity outside designated centres. Local and international experience with such policies suggests that they often fail to achieve their objectives and can act as barriers to competition and productivity growth.
<b>F7.3</b>	In trying to protect existing city and town centres, some New Zealand urban local authorities have sought to reduce retail and commercial competition from other locations.
<b>F7.4</b>	A number of councils apply very detailed controls on the types and sizes of businesses that can operate in particular zones. These controls are unlikely to be ideal, not least because such rules can take a long time to change and inevitably lag developments on the ground.
<b>F7.5</b>	Council requirements on some developments to undergo urban design assessments are leading to poor exercises of regulatory discretion. Urban design criteria can lack clarity and precision, and design advice to resource consent applicants can lack perspective, consistency, or a sense of their cost or economic implications.
<b>F7.6</b>	The planning system has struggled to provide adequate supplies of development capacity for residential and non-residential uses. A number of councils have tried to protect industrial-zoned land supplies, while the price of residential and commercial land has increased at much faster rates.



<b>F7.7</b>	<p>The planning system has an inherent status quo bias and risk aversion, reflecting</p> <ul style="list-style-type: none"> <li>▪ the incentives on property owners to oppose changes they perceive may put the value of their assets or character of their neighbourhood at risk, and the avenues open to them to pursue their interests;</li> <li>▪ the pressure placed on councils not to set rules and policies that enable development; and</li> <li>▪ an overemphasis in the implementation of the RMA on managing or avoiding adverse effects, which does not sit well with the dynamic nature of urban environments.</li> </ul>
<b>F7.8</b>	<p>The current planning system is too often blind to price signals, leading to poor responsiveness, and undersupply of development capacity, and misdirection of effort.</p>
<b>F7.9</b>	<p>Councils face procedural barriers in responding to changing circumstances and preferences through the planning system. The current processes for changing land use controls through the RMA can take considerable time to complete.</p>
<b>F7.10</b>	<p>Councils overuse land use rules in part because</p> <ul style="list-style-type: none"> <li>▪ they lack some alternative tools (such as road congestion charges), and</li> <li>▪ political barriers hinder the full use of existing alternative tools.</li> </ul>
<b>F7.11</b>	<p>The planning system lacks clear statutory limits. This has led the system to respond to a growing variety of social and other issues, without considering whether land use planning is the most effective and efficient mechanism for their resolution.</p>
<b>F7.12</b>	<p>Current institutional arrangements do not provide the level of scrutiny over land use regulation that they could. While the Environment Court plays an important role as a check on local authority regulation, it only has the opportunity to review those rules or provisions that have been appealed. As a result, only a limited proportion of a District Plan's rules are subject to thorough scrutiny.</p>
<b>F7.13</b>	<p>Central government lacks the capability and systems needed to support timely and well-informed intervention on issues of local land use regulation, or effective engagement with local authorities on planning issues.</p>

### Recommendations

<b>R7.1</b>	<p>Future urban planning legislation should clearly prioritise responding to growth pressures, providing land use flexibility, and supporting the ability of residents to easily move through their city.</p>
<b>R7.2</b>	<p>Information about land price should be a central policy and monitoring tool in any future planning system, and should drive decisions on the release, servicing and rezoning of development capacity.</p>



<b>R7.3</b>	A future planning system should allow for more responsive rezoning, in which land use controls can be set in anticipation of predetermined and objective triggers and activated once those triggers are reached.
<b>R7.4</b>	A future planning system should focus urban notification requirements (and any associated appeal rights) on those directly affected, or highly likely to be directly affected, by a proposed development. This would better align the planning system with the fundamental purpose of managing negative externalities.
<b>R7.5</b>	Any appeal rights on Plans in a future system should be limited to people or organisations directly affected by proposed plan provisions or rules.
<b>R7.6</b>	Consultation requirements under a future planning system should: <ul style="list-style-type: none"><li>▪ give councils flexibility to select the most appropriate tool for the issue at hand;</li><li>▪ allow councils to notify only affected parties of Plan changes that are specific to a particular site;</li><li>▪ encourage and enable participation by people affected, or likely to be affected, by a decision; and</li><li>▪ encourage the use of tools that ensure the full spectrum of interests is understood in council decision-making processes, and that allow the public to understand the trade-offs involved in decisions.</li></ul>
<b>R7.7</b>	A permanent Independent Hearings Panel should be established to consider and review new Plans, Plan variations and private Plan changes across the country. As with the Auckland and Christchurch IHPs: <ul style="list-style-type: none"><li>▪ councils should retain the rights to accept or reject recommendations from the permanent Independent Hearings Panel; and</li><li>▪ once a council accepts a recommendation from the permanent Independent Hearings Panel, appeal rights should be limited to points of law.</li></ul>
<b>R7.8</b>	A future planning system should enable councils to provide targeted infrastructure or services investment (eg, the expansion of green spaces or upgrades to existing community facilities) for areas facing significant change, to help offset any amenity losses.
<b>R7.9</b>	Central government should develop processes to more clearly signal the national interest in planning, and have protocols to work through the implications of these national interests with local authorities. It should also monitor the overall performance of the planning system in meeting national goals (ie, flexibility, sufficient development capacity and accessibility).

<b>R7.10</b>	<p>In a future planning system, central government should have the power to</p> <ul style="list-style-type: none"><li>▪ override local plans in a limited set of circumstances,</li><li>▪ co-ordinate or require common land use approaches to specific issues, and</li><li>▪ direct council infrastructure units or CCOs to increase their supply, where the differential between the price of developable and undevelopable land exceeds a pre-determined threshold.</li></ul>
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## Chapter 8 – Urban planning and the natural environment

### Findings

<b>F8.1</b>	<p>Efficient management of the natural environment in urban areas requires an understanding of links between the different components of the natural system, and of how decisions that affect one component of the system influence other parts of the system. This requires specialist scientific knowledge supported by reliable data.</p>
<b>F8.2</b>	<p>Philosophical tensions are at the core of the Resource Management Act. Successive governments have failed to find a way to efficiently represent different perspectives and reconcile these tensions.</p>
<b>F8.3</b>	<p>Sustainability and sustainable development are core principles of New Zealand's planning system. Yet the philosophical lens through which actors in the system should interpret these concepts has never been clear.</p>
<b>F8.4</b>	<p>Failure to provide clarity around the purpose of the RMA has resulted in:</p> <ul style="list-style-type: none"><li>▪ interpretations of the statute that seem inconsistent with the reported intent of the Act;</li><li>▪ inconsistency in how councils administer the law;</li><li>▪ reduced accountability for public decision makers who lack clear benchmarks against which their performance can be assessed;</li><li>▪ regulatory creep as councils bring an ever-increasing scope of issues under the banner of "sustainable management"; and</li><li>▪ a loss of focus in urban areas on maintaining the integrity of ecosystem services.</li></ul>
<b>F8.5</b>	<p>The Environmental Reporting Act 2015 is a significant step forward in the development of sound environmental data. However, it is unclear how the data collected will link with monitoring the effectiveness of land use regulation.</p>
<b>F8.6</b>	<p>Recent steps to strengthen central government oversight of the Resource Management Act have focused predominately on process indicators (such as the time taken to process consents) rather than the environmental outcomes of planning decisions.</p>
<b>F8.7</b>	<p>The core functions of urban planning will play an important role in adapting to climate change. This role will need to be reflected in any future planning system.</p>



<b>F8.8</b>	Adapting to a changing climate will require more than simply strengthening planning legislation. Improvements in other parts of the planning system will be required, including: <ul style="list-style-type: none"><li>▪ standardising the methods, data and assumptions used as the basis for developing adaptation strategies;</li><li>▪ improving understanding of the costs and benefits of alternative adaptation strategies (both within local and central government and within affected communities);</li><li>▪ identifying people, places and infrastructure that are most vulnerable to the impacts of climate change and prioritise them accordingly; and</li><li>▪ improving understanding of the interaction between existing stresses on the environment and the impacts of climate change.</li></ul>
<b>F8.9</b>	Evidence shows that increasing residential density can reduce vehicle use in some situations. But also it shows that local factors (other than density) are at least as important in influencing travel behaviour.
<b>F8.10</b>	Evidence on the proposition that higher-density cities in New Zealand are more environmentally sustainable is ambiguous at best.

### Recommendations

<b>R8.1</b>	A future planning system should include a Government Policy Statement (GPS) on environmental sustainability. The GPS should: <ul style="list-style-type: none"><li>▪ set out a long-term vision and direction for environmental sustainability;</li><li>▪ establish quantifiable and measureable goals against which progress would be monitored and reported on; and</li><li>▪ establish principles to help decision makers prioritise environmental issues when faced with conflicting priorities or scarce resources.</li></ul>
<b>R8.2</b>	Before attempting to use urban planning as a means of reducing GHG emissions in New Zealand, a more robust empirical research base should be developed reflecting New Zealand circumstances. Specifically, research should aim to improve the government's understanding of local factors that shape urban GHG emissions in New Zealand, and the extent to which urban planning can influence these factors.
<b>R8.3</b>	Central and local government should develop an agreed set of principles to govern the development of national regulations that have implications for the local government sector. This should be along the lines of the 'Partners in Regulation' protocol recommended in the Commission's report <i>Towards Better Local Regulation</i> (2013).
<b>R8.4</b>	When regulating urban spillovers affecting the natural environment, a future planning system should provide government bodies access to the full suite of policy tools including market-based tools.

## Chapter 9 – Urban planning and infrastructure

### Findings

**F9.1**

Infrastructure assets:

- are long-lived;
- are lumpy;
- are highly place specific and inflexible;
- are irreversible;
- are typically part of a network;
- need to be coordinated often; and
- may require public funding.

Providers of infrastructure are exposed to many risks, including that demand may be less than expected and their assets are underused or stranded. This puts a premium on effective planning, procurement, monitoring and funding processes.

**F9.2**

The current infrastructure planning and provision systems are insufficiently responsive, do not always align infrastructure supply and land use rules, and lack tools for the provision of city-shaping assets.

**F9.3**

Institutional and governance arrangements for “three waters” infrastructure act against responsive supply.

**F9.4**

Real-options analysis is a useful tool for planners making decisions about infrastructure and land use because it builds in flexibility to cope with the uncertain evolution of urban spaces over time. It can help planners reduce the risk of worse-than-expected outcomes and take advantage of upside opportunities as they emerge.

**F9.5**

Fragmented and small-scale water networks in New Zealand, the uncertain net benefits of mergers, and the high costs of setting up alternative institutions mean that the Commission does not see merit in proposing large-scale structural reform for urban water services. However, there is considerable scope for improved performance in the delivery of water services.

**F9.6**

Facilitated discussions involving central government, local government and private sector organisations can be effective in developing a shared understanding of land-use demand and associated infrastructure needs, and in prompting desirable investments.

**F9.7**

The Auckland Transport Alignment Project is a promising institutional innovation to enable the council of a major city and central government to work together and consider a central funding contribution when a major programme of urban infrastructure has national spillover benefits.



### Recommendations

<b>R9.1</b>	Spatial plans should be a standard and mandatory part of the planning hierarchy in a future system. Spatial plans should be tightly defined and focus on issues closely related to land use, in particular the provision of water and transport infrastructure and community facilities (eg, green space, reserves, conservation areas, and libraries), protection of high value ecological sites, and natural hazard management.
<b>R9.2</b>	As part of the transition to a future planning system, central government should establish a centre of excellence or resource that councils could draw on to conduct real-options analysis in the development of land use plans.
<b>R9.3</b>	A future planning system should include institutions or formal processes through which councils and central government can work together to assess major programmes of urban infrastructure investment with wider spillover benefits.

## Chapter 10 – Infrastructure: funding & procurement

### Findings

<b>F10.1</b>	An efficient infrastructure funding system would consider three important issues: peak load pricing, connection charges and marginal cost pricing.
<b>F10.2</b>	Financial modelling provides some support for arguments made by councils that it can take a long time to recover the costs of new infrastructure.
<b>F10.3</b>	Financial, legislative and political barriers are limiting the ability of local authorities to efficiently recover the costs of infrastructure.
<b>F10.4</b>	Regulatory barriers do not seem to prevent councils from using PPPs. Yet the small scale of many local government projects and a lack of experience with PPPs may make councils and the private sector reluctant to engage in them.
<b>F10.5</b>	Examples such as the Waikato region Local Authorities Shared Services Limited illustrate the advantages for councils from joint procurement, particularly when this is founded on a regional approach to planning for infrastructure that extends beyond the boundaries of individual councils.

### Recommendations

<b>R10.1</b>	A future planning system should allow councils to: <ul style="list-style-type: none"><li>• set volumetric charges for both drinking water and wastewater; and</li><li>• apply prices for the use of existing local roads where this would enable more efficient use of the road network.</li></ul>
<b>R10.2</b>	Councils should use targeted rates to help fund investments in local infrastructure, wherever the benefits generated can be well defined.



**R10.3**

A future planning system should enable councils to levy targeted rates on the basis of changes in land value, where this occurs as the result of public action (eg, installation of new infrastructure, upzoning).

**R10.4**

A future urban planning system should give councils the capability to use a wide range of innovative infrastructure delivery models, including public-private partnerships. Councils, either alone or through joint agencies, will need to develop the capabilities to operate such models successfully. Future arrangements could build on current regional shared-services initiatives that increase project scale and develop project commissioning expertise.

## Chapter 11 – Urban planning and the Treaty of Waitangi

### Findings

**F11.1**

Māori have a broad range of interests in urban development arising from connections with ancestral lands; a desire to live in spaces identifiably Māori; their individual and collective ownership and development of urban land; and their desire for prosperity and wellbeing. Some of these interests are more closely connected to urban land-use planning than others.

**F11.2**

Treaty settlements have often given iwi and hapū a significant role in the governance and management of environmental features and resources. At the same time, the settlement process has strengthened iwi and hapū capabilities and provided resources that enable stronger participation in environmental planning under the Resource Management Act.

**F11.3**

Māori engagement in urban land-use planning is growing as a result of improving capability in local authorities and Māori groups, experience from successful practice (often stimulated by Treaty settlements) and strengthening relationships. Yet the system's performance has proven uneven, due to factors such as:

- constraints on the capability of some councils and some iwi to engage with each other;
- lack of clarity about how to implement legislative requirements for Māori participation in planning; and
- varying expectations about the nature of council-Māori relationships.

**F11.4**

There is broad support for carrying forward into any new urban planning system the current general regulatory framework for recognition and protection of Māori interests and for Māori engagement in land-use planning.

## Chapter 12 – Culture and capability

### Findings

<b>F12.1</b>	<p>A number of historical influences have shaped the planning culture in New Zealand:</p> <ul style="list-style-type: none"><li>▪ during the chaotic growth and widespread disease brought on by the Industrial Revolution, planning embraced the moral precept of doing good for society by bringing “order” and “certainty”;</li><li>▪ the traditions of the English Garden City movement and a belief that planning, and the shape of the physical environment, is vital for the health and wellbeing of the community;</li><li>▪ the legislative frameworks, planning models and traditions imported from Britain, along with a workforce of influential British planners;</li><li>▪ a belief that urban areas need to be contained to protect agricultural soils, and that this was important for New Zealand’s national identity; and</li><li>▪ the New Urbanism model of planning, that emerged from the United States in the early 1980s, and its belief in the role of design in achieving better cities and also shaping a better society.</li></ul>
<b>F12.2</b>	<p>A “procedural” view of planning dominates the professional identity of the planning profession in New Zealand and overseas. This perspective of planning emphasises how planners can make planning processes work more effectively, rather than examining whether planning is the best tool for achieving a desired social outcome.</p>
<b>F12.3</b>	<p>Planning institutes see planning as making a positive contribution to a broad range of social outcomes. The profession appears to have developed a “cultural licence” to assert specialist knowledge in a wide range of socio-economic and environmental issues – often with little specialist training in the area.</p>
<b>F12.4</b>	<p>The New Zealand Planning Institute provides an important source of cultural leadership for the planning profession. Cultural messages are transmitted through the accreditation of university courses, the direct provision of professional development opportunities, and by rewarding good practice.</p>
<b>F12.5</b>	<p>The planning profession in New Zealand has struggled to carve out a unique professional identity. In the absence of a strong professional identity founded on disciplinary knowledge, planners tend to fall back on legislation to define their role in the planning system.</p>
<b>F12.6</b>	<p>Planning practices can be influenced by the organisational culture of councils, particularly in areas such as the relationship between planners and iwi/Māori and the openness of councils to new and innovative approaches to planning tasks.</p>



**F12.7**

Good planning outcomes are more likely to be achieved when planning cultures:

- insist on robust, evidence-based, outcome-focused decision-making;
- value continuous learning and feedback (ie, learning cultures);
- empower staff to “speak-up” and challenge existing practice;
- stress the importance of being open, transparent and accountable;
- view facilitation and public education as important “planning tools”;
- value operational flexibility and adaption to changing socio-economic or environmental conditions;
- recognise the significance of the civic responsibility that comes with using the coercive powers of the state; and
- acknowledge and respect the boundaries of planning’s influence.

**F12.8**

A well-functioning planning system requires central and local government to have access to specialist technical knowledge such as engineering, economics, legal analysis and environmental science. Just as important are “soft skills” such as communication, mediations and facilitation skills and an understanding of Māori worldviews.

**F12.9**

No standard assessment of planning capability currently exists, and the available indicators have limitations. Even so, these indicators suggest:

- not all planners have planning related qualifications – around 20% to 30% have qualifications in other disciplines;
- many councils have difficulty finding qualified staff to fill planning positions – particularly for consent planners (NZPI members appear to have fewer problems attracting staff);
- the planning profession is used to ongoing professional training, and planners generally consider the standard of existing training to be high; and
- a high proportion of consent applications are completed within statutory timeframes (although speed is a poor indicator of capability).

**F12.10**

Many councils have capability gaps in technical areas such as economics and environmental science. These gaps hinder the ability of councils to undertake rigorous evaluation of the costs and benefits of alternative policy options and planning proposals. Some councils also lack the capability to engage effectively with iwi/Māori.

**F12.11**

Successful reform of the planning system will require central government to:

- develop a firm understanding of the institutional forces that act against change – that is, the sources of cultural inertia;
- recognise the importance of universities and professional bodies as agents of change (and engage with them accordingly);
- develop feedback loops that reward planning approaches that align with the objectives of the system (and that discourage behaviours that do not so align); and
- more tightly define the role of urban planning.

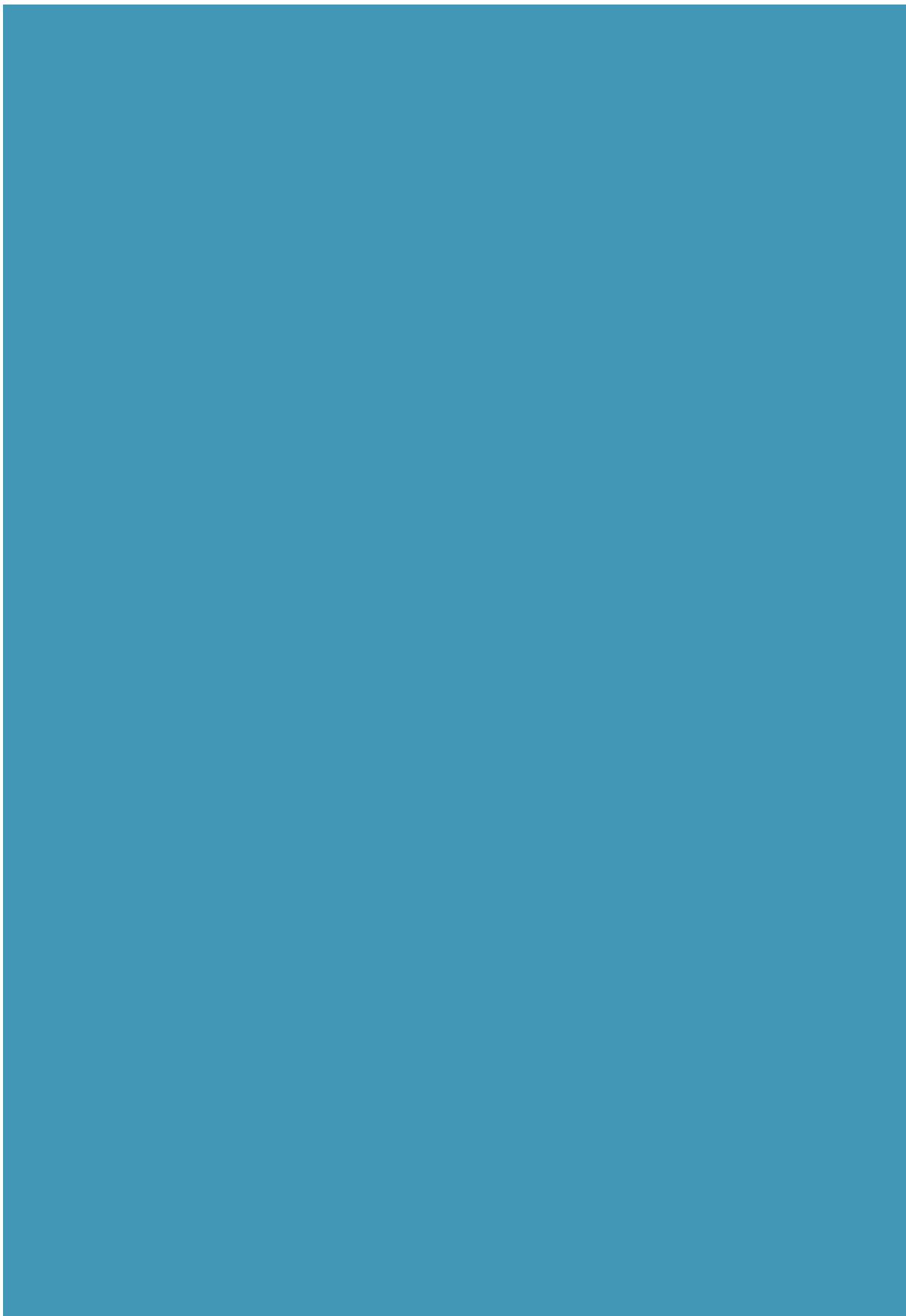
**Recommendations**

**R12.1**

A future planning system should place greater emphasis on rigorous analysis of policy options and planning proposals. This will require councils to build their technical capability in areas such as environmental science and economics. It would also require strengthening soft skills – particularly those needed to engage effectively with iwi/Māori.

**R12.2**

Central government should improve its understanding of urban planning and knowledge of the local government sector more generally. An improved understanding will help promote more productive interactions between central and local government.









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### 3. Public Excluded

Resolution to Exclude the Public:

THAT the Governance, Finance and Planning Committee :

Pursuant to the provisions of the Local Government Official Information and Meetings Act 1987, exclude the public from the following part of the proceedings of this meeting namely:

General subject of the matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
3.1 Health and Safety	7(2)(b)(ii) The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.	s48(1)(a) That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7.

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