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**ORDINARY MEETING**

**OF**

**WELLINGTON CITY COUNCIL**

**AGENDA ATTACHMENTS**

Time: 11am  
Date: Thursday, 05 March 2015 (Reconvened from 25 February 2015)  
Venue: Committee Room 1  
Ground Floor, Council Offices  
101 Wakefield Street  
Wellington

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<b>Business</b>	<b>Page No.</b>
<b>4. Committee Reports</b>	<b>3</b>
<b>4.1 Report of the Governance, Finance and Planning Committee Meeting of 17 February 2015</b>	<b>3</b>

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**LONG TERM PLAN 2015-2025: PRELIMINARY CONSULTATION DOCUMENT**

**Resolved**

That the Council:

1. Agree to the contents of the Long-term Plan 2015-2025 Consultation Document as attached in appendix 9 (subject to the inclusion of the Audit Report required under the Local Government Act and changes made in response to the audit process).
2. Delegate to the Mayor and Chief Executive the authority to make editorial changes to the document to reflect decisions made at this meeting or requirements that might arise through the audit review process.
3. Agree to adjourn recommendation 4 to be considered at a reconvened time of 5 March 2015 at 11.00am, Committee Room 1.

Carried (Council meeting 25 February 2015)

**The following is to be considered by Council at its meeting on 05 March 2015:**

**Long Term Plan 2015-2025: Preliminary Consultation Document**

4. Agree to adopt the final consultation document, including the report from the Auditor General under section 93C(4) of the Local Government Act attached as Attachment 1.

**Attachments**

Attachment 1. Long-term Plan 2015-2025 Consultation Document 5



*Consultation document*

# Our ten year plan

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

Content for Council approval 5 March

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

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

Content for Council approval 5 March

This is a draft plan. It is subject to change.

This document provides for consultation on Wellington City Council's Long-term Plan 2015-25. It is prepared in accordance with the Local Government Act.

It reflects our intentions at the time of publication. As with any budget or plan, the actual results may vary from those forecast. They may also change as a result of consultation. We will review progress on our plan on an annual basis.

# Mayoral Overview

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

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

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

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

We *are* the place of the possible.

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

It's a plan for all Wellingtonians.

Celia Wade-Brown  
Mayor of Wellington

# This is Wellington's plan for sustainable growth.

It offers a simple choice.

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

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

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

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

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

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

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

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

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

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

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

**Business as usual? Or invest for growth?**

**The choice is yours.**



# 89%

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

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

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

# 58

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

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

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

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

# 1<sup>st</sup> place

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

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

# 19%

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

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

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

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

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

We are New Zealand's most highly educated population.

Our culture values knowledge, creativity and new thinking.

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

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

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

# 5

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

# 14

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

Content for Council approval March

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

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

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

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

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

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

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

In coming years, we will continue to focus on strong, resilient infrastructure; and we don't aim to reduce services.

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

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

## Current services

Our plan aims to ensure that at a minimum, we maintain essential services such as water supply, drainage, waste, parks and gardens, libraries, pools, sports fields recreation and centres, streets, social housing and so on.

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

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

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

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

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

## Invest for growth

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

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

In addition we aim to stimulate economic growth through:

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

The *invest for growth* programme also has provision for a number of other projects:

- Expansion of the City to Sea Museum adding to its appeal as one of the Top 50 museums in the world.
- Upgrade of Frank Kitts park with the inclusion of Chinese Garden and renewed playground.
- Funding for the creation of Ocean Exploration Centre on the south coast subject to matching funding from third parties.
- An urban activation fund that will see pop-up events making use of the existing open spaces around the city.
- A brand new library in Johnsonville to serve the growing northern area.
- A hydraulic model of the city to guide our future investment decisions around climate change adaptation.
- A real time stormwater modelling system to improve the performance of the network and quality of our waterways.
- A new hockey turf at the National Stadium and rejuvenation of the Basin Reserve.
- Exploring the uptake of new LED lights to lower energy use and costs of lights and signals.
- A \$1m annual heritage building strengthening fund for three years.
- Provision for a living wage-rate for the Zoo and Museums trust and \$1.4m increase to social and recreation grants over the ten years.
- A development scheme to strengthen the Town Hall and Civic Square and create a prime NZ music hub.

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

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

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

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

Content for Council approval 5 March

## If we keep going as we are...

**3.1%** Rates increases could be limited to 3.1% on average annually over the next 10 years. And could be limited to 4.1% annually, on average, over the next 3 years.

130% forecast  
**150% limit** Council debt will be capped at a maximum of 150% of annual income – the same as a household earning \$50,000 a year having a mortgage of \$75,000.

The price of labour, materials and general inflation all mean that providing ‘business as usual’ will cost more year on year. Adding nothing new to the city’s offering would see us fall behind other places.

## If we invest for growth

**3.9%** Rates increases will be limited to 3.9% on average after growth annually over the next 10 years. And by 4.5% annually, on average, over the next 3 years

140% forecast  
**175% limit** Council debt will be capped at a maximum of 175% of annual income – the same as a household earning \$50,000 a year having a mortgage of \$87,500.

The alternative is to continue current services *and* support a small increase in rates and debt, in order to fund the major new projects that bring and economic return. These in turn grow the value of the city – meaning the costs of rates are spread across a wider pool – getting more at affordable levels.

Content for

## We've refined our financial approach

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

- rebalancing our spending investment between key strategic areas
- identifying areas where service levels and performance is already high and increasing the use of existing assets, rather than spending on new investment in these areas
- investing in projects that grow the economy and deliver returns on our investment as reflected in our forecast growth in the rates base an average increase of 1.2% a year, – providing total increased rates capacity of approximately \$220 million across the 10 years of the plan
- improved asset management practices and data quality to better manage risk and forecasting of when we need to replace assets
- incorporating an annual target of 1% (a total of \$50 million) savings from shared services and efficiencies
- recognising that rates increases equal or less than CPI (household inflation) are not sustainable in the long-term without cutting services
- providing an option for a rates increase of 3.9% across 10 years, to provide capacity to maintain existing services and invest in initiatives that will grow the city
- lifting our borrowing limits –to a maximum of 175% of income. Note that our forecast peak borrowing for the 10 year programme is 140%. This provides around \$230m of capacity by 2024/25 to respond to emergencies or other requirements not currently planned for.

### Funding and rates over the next ten years

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

A growing economy means more businesses and a larger rating base, which in turns means we can spread the costs further and it will allow us to reinvest in the things that make Wellington great and different. We are conservatively forecasting an average growth in the rating base of 1.2% over the next 10 years incorporating the favourable impact on the rating base of our 'invest to grow' initiatives.

### Rate levels will be kept at affordable levels

Council's 'invest for growth' approach will also ensure rate increases are kept at affordable levels. In fact, as outlined in the graph below, forecast average rates for the next ten years will be lower than our average rates historically.

We also use household average income as a threshold to measure rates affordability. The proposal assumes that average rates will not rise above 3.5% of average Wellington household income. This is significantly lower than the 5% affordability threshold identified in the 2007 Local Government Rates Enquiry as appropriate.



We have set tough parameters for any rates increases in the next ten years

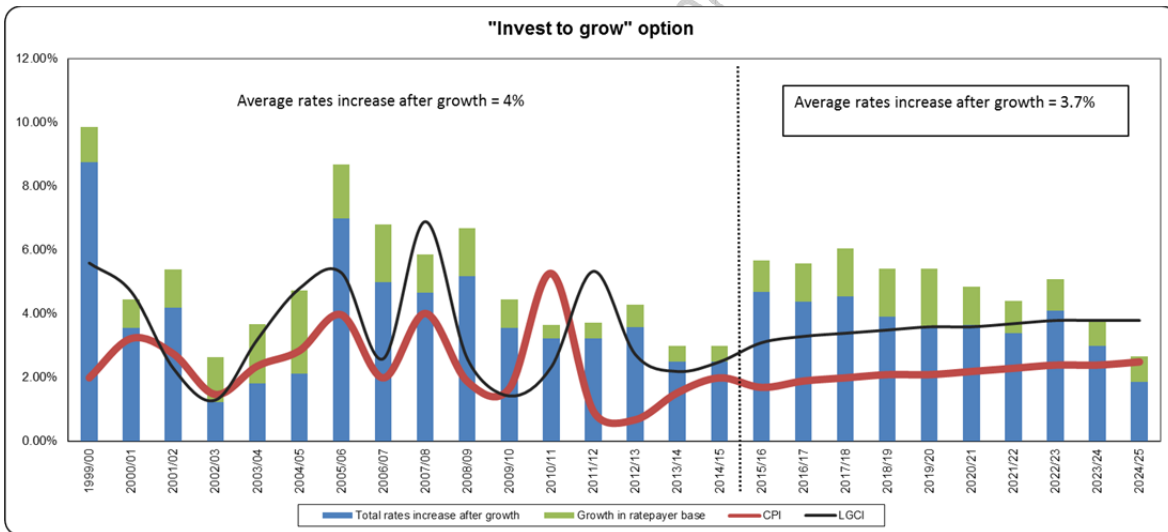
Our Financial Strategy guides sets out our proposed rates limits including:

- for the next three years, the average rates increase will be kept below 4.5% (after accounting for growth)
- for the next ten years, the average rates increase will be kept below 3.9% (after accounting for growth)

The proposed rates impact of our proposed to 'invest for growth' is below this limit with rates increases over the next ten years of 3.7%.

Forecast rates increases	2015/16	2016/17	2017/18	3 yr Avg	10 yr Avg
Nominal Average Rates Increase (before growth)	5.70%	5.60%	6.10%	5.80%	4.90%
Growth in ratepayer base	1.00%	1.20%	1.50%	1.20%	1.20%
Average Rates Increase (after growth)	4.70%	4.40%	4.60%	4.50%	3.70%
Average rates increase limit				4.50%	3.90%

The 3.7% forecast average rates increase and 3.9% limit compare favourably with the 4% average rates increase over the last 15 years.



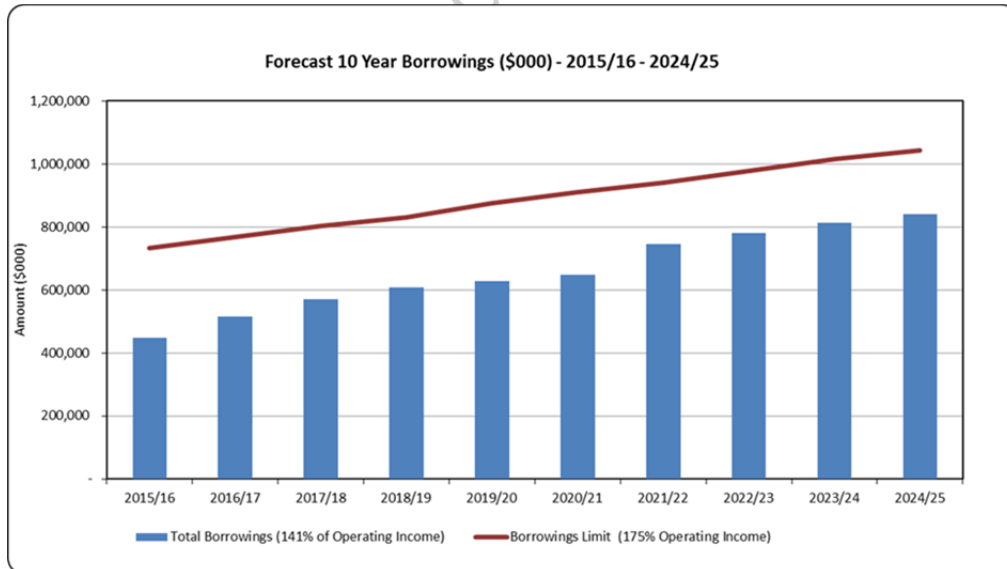
## Indicative rates for the first year of the plan

The following table shows the indicative residential and commercial property rates (inclusive of GST) for 2015/16.

Indicative residential property rates (for properties without a water meter)			Indicative suburban commercial property rates (for properties with a water meter). This excludes water by consumption which is charged on actual usage.			Indicative downtown commercial property rates (for properties with a water meter). This excludes water by consumption which is charged on actual usage.		
Capital Values	2015/16 Proposed Rates	Increase over 2014/15	Capital Values	2015/16 Proposed Rates	Increase over 2014/15	Capital Values	2015/16 Proposed Rates	Increase over 2014/15
\$	\$	%	\$	\$	%	\$	\$	%
200,000	1,118	3.82%	1,000,000	9,924	5.91%	1,000,000	12,146	4.93%
300,000	1,537	4.18%	1,250,000	12,373	5.93%	1,250,000	15,150	4.94%
400,000	1,956	4.39%	1,500,000	14,822	5.94%	1,500,000	18,155	4.95%
500,000	2,375	4.53%	1,750,000	17,270	5.95%	1,750,000	21,159	4.95%
600,000	2,794	4.62%	2,000,000	19,719	5.95%	2,000,000	24,163	4.96%
700,000	3,212	4.69%	2,250,000	22,168	5.96%	2,250,000	27,168	4.96%
800,000	3,631	4.75%	2,500,000	24,617	5.96%	2,500,000	30,172	4.96%
900,000	4,050	4.79%	2,750,000	27,066	5.96%	2,750,000	33,176	4.97%
1,000,000	4,469	4.82%	3,000,000	29,515	5.97%	3,000,000	36,181	4.97%
1,100,000	4,887	4.85%	3,250,000	31,963	5.97%	3,250,000	39,185	4.97%
1,200,000	5,306	4.88%	3,500,000	34,412	5.97%	3,500,000	42,189	4.97%
1,300,000	5,725	4.90%	3,750,000	36,861	5.97%	3,750,000	45,194	4.97%
1,400,000	6,144	4.92%	4,000,000	39,310	5.97%	4,000,000	48,198	4.97%
1,500,000	6,562	4.93%	4,250,000	41,759	5.97%	4,250,000	51,202	4.97%
1,600,000	6,981	4.95%	4,500,000	44,208	5.98%	4,500,000	54,207	4.97%
1,700,000	7,400	4.96%	4,750,000	46,656	5.98%	4,750,000	57,211	4.97%
1,800,000	7,819	4.97%	5,000,000	49,105	5.98%	5,000,000	60,215	4.97%

## Borrowing over the next ten years

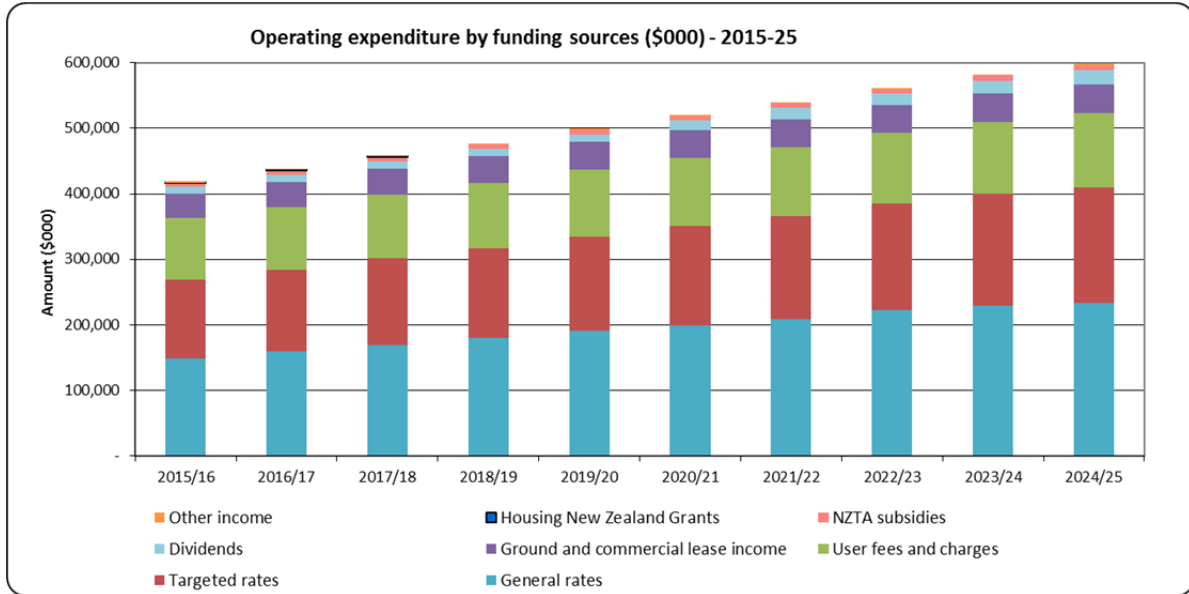
Our approach keeps borrowing levels well within the 175% debt to income limit set out in our Financial Strategy. Borrowing is forecast to increase from \$435 million (around 105% of income) in 2015/16 to \$815 million (around 140% of income) in 2024/25.



# Operating expenditure

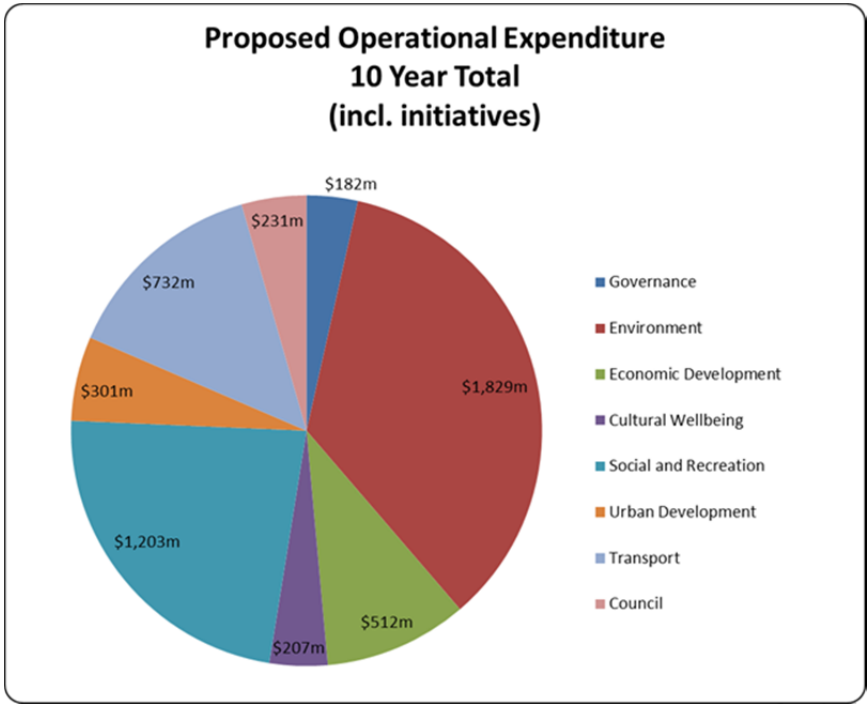
## Where the money comes from

In addition to rates the Council plans to receive revenue from a number of other funding sources. The proposed funding sources for our operating expenditure are summarised in the graph below.



## Where the money gets spent

In total we plan to spend \$5.1 billion of operational expenditure across the 10 years of this plan. This is spread across a range of activities with the major spending areas being: the environment, social and recreation, and transport, with the biggest increase being in the economic development area.



Content for Council approval - March

# We're managing our assets smarter

We own \$6.5 billion of assets. This includes such things as streets, pipes, libraries, swimming pools, retaining walls, signs, crematoria and much more. Our *Infrastructure Strategy* sets out how we intend manage these over the next 30 years. The key aspects of this are:

- overall, maintain assets in line with the current service offering
- continue to improve the information about our assets to guide future investment decisions
- make full use of an assets life and make use of technology to improve the performance of assets
- make use of the capacity in our existing facilities and assets before investing in new ones
- focus investments into areas of growth (our programme includes urban regeneration, bus priority and cycling investment, amongst others. See *Our sustainable growth agenda*).

## How we look after our assets

Our Infrastructure Strategy indicates that we will need to spend approximately \$1 billion renewing the city's network and social infrastructure over the next 10 years. We have made provision for this within our financial strategy and long-term plan.

Our financial strategy provides capacity for the Council to invest approximately \$807m upgrading and funding new assets. This capital investment is made up three components:

- Improving service levels of existing services. Our proposed investment across the 10 years includes the following major items:
 

- Social housing	\$107m
- Water network upgrades	\$70.5m
- Cycleways	\$45m
- Stormwater upgrades	\$28m
- Johnsonville library	\$17m
- Walkways	\$8m
- Investment in making our infrastructure and public assets more resilient to earthquake risk and climate change. The major items to achieve this include:
 

- Road corridor walls	\$23m
- Tunnel & bridge improvements	\$10m
- Road safety projects	\$11m
- Strengthening Town Hall	\$59m
- Strengthening Civic Campus	\$13m
- Stormwater & sewer hydraulic modelling	\$9m
- Increasing network capacity (for population growth)	\$55m

- Investment in major economic initiatives ie film museum and arena –\$267m<sup>1</sup>  
There is less certainty around the detail, costings and timing for a range of new economic growth initiatives, but it is important that we can demonstrate the Council’s capacity to invest in these projects. These are discussed further in the following section and more specifically later in this document.

### Funding allocation to support our ‘invest for growth’ approach

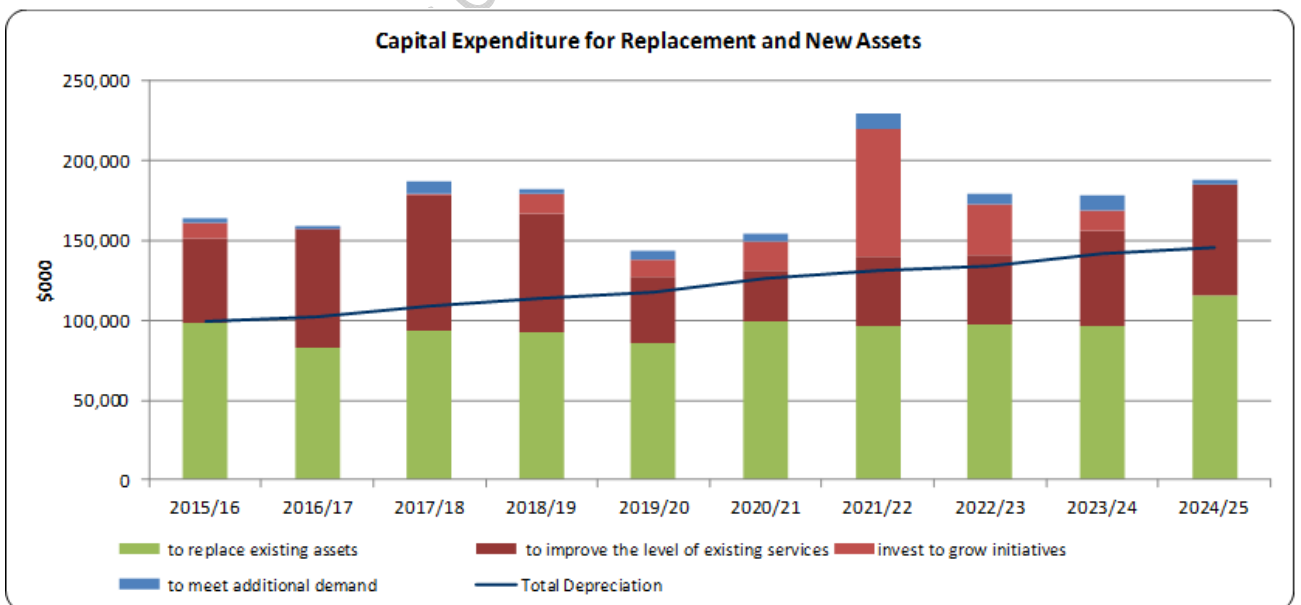
The projects outlined in this ten year plan are at different stages of development. Some are in preliminary stages, others require resource consents before they progress to the next stage, others will aim to attract third party funding commitments.

It is our intention to deliver all of these and that is why we have set aside the funding and developed a budget that is affordable over the ten years. We want to be transparent about the likely costs.

That said, it is a plan and like all plans is subject to change, particularly in the outer years. We’ve assigned preliminary budgets to each of these major projects. Detailed business cases will be developed for each and these will set out the full costs and funding options. Any decisions that have an impact on the funding will be made in light of the business cases.

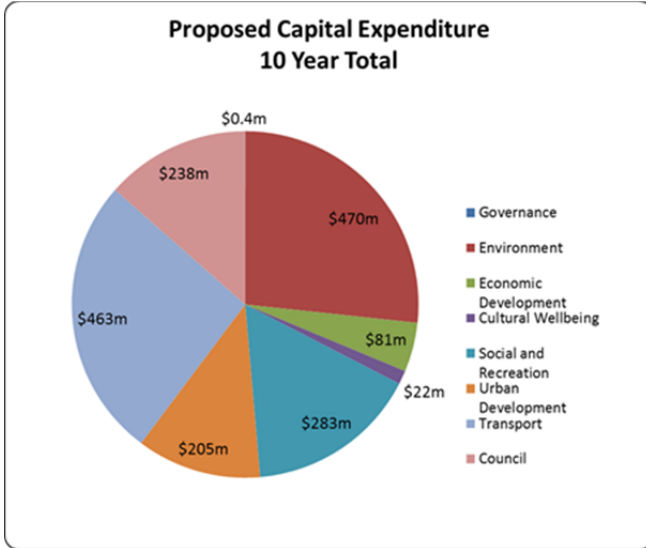
### How we plan to spend capital expenditure

The graph below illustrates the make-up of the \$1.7 billion of proposed capital expenditure investment over the 10 years of this Long-term Plan.



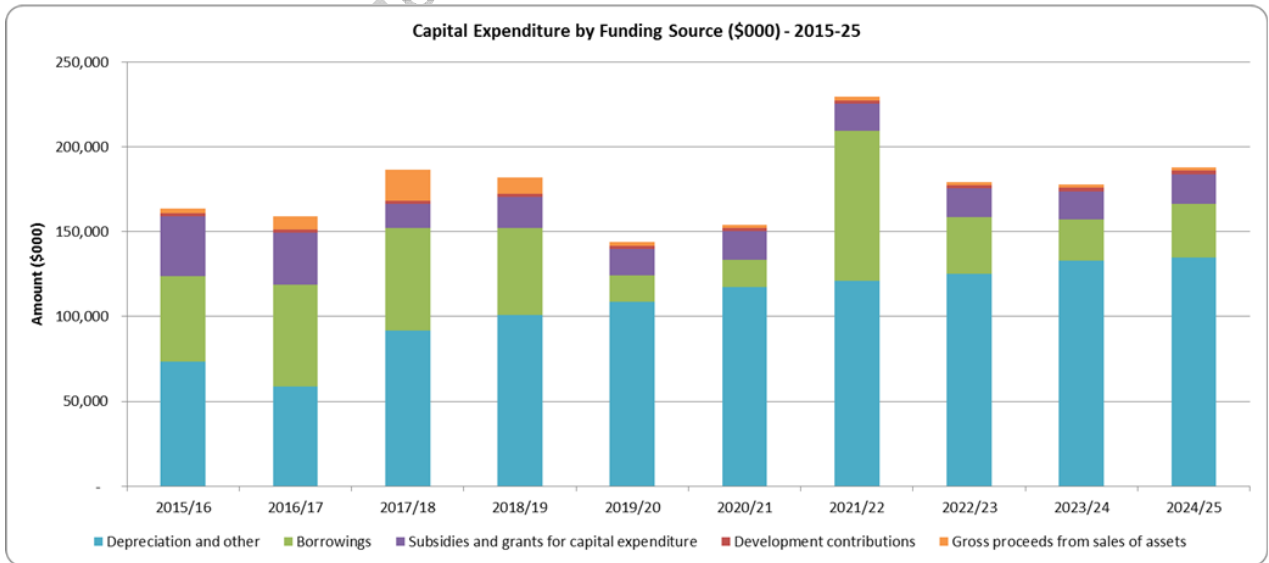
<sup>1</sup> Includes \$90m of investment in the airport that we have assumed Council will fund (through an operating grant), but not incur the capital investment cost.

Despite ‘invest to grow’ strategy, over half of the proposed \$1.7 billion dollars of capital expenditure will be invested on delivering business-as-usual services in the Environment (which includes water, wastewater and stormwater) and Transport areas. This reflects the focus that Council will continue to have on maintaining the quality of its infrastructure.



### Where the capital funding comes from

capital expenditure will be funded through a variety of funding sources. The funding to renew assets will come from rates funded depreciation. The balance is sourced from borrowings, external grants, development contributions and asset sale proceeds.



Content for Council approval 5 March



# Did you know...

## 6 dollars

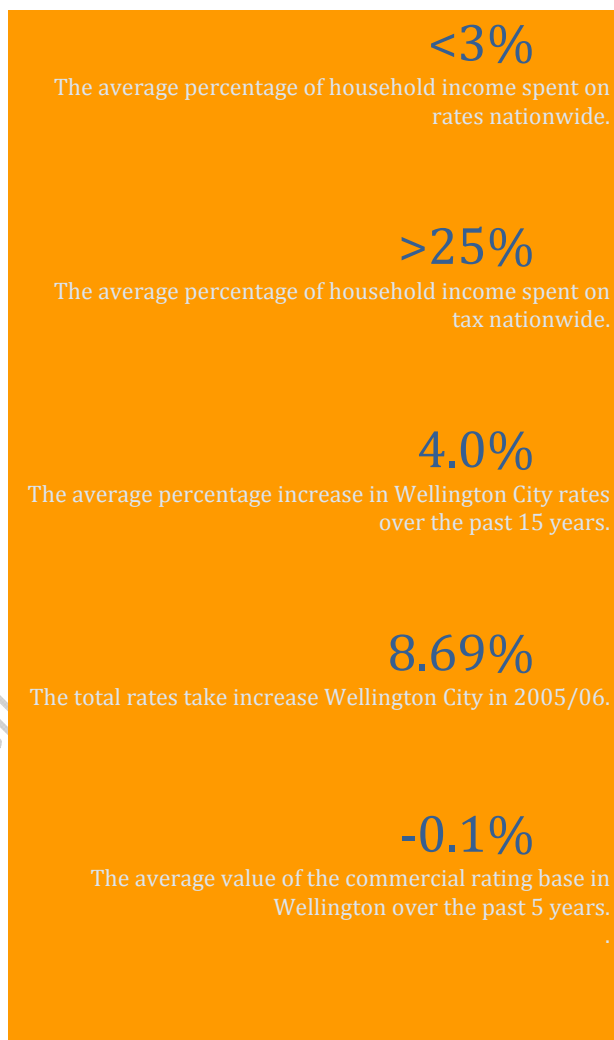
Wellington City Council's total spending will amount to just over \$450 million this year. That's about \$6 per resident per day, which is less than the combined cost of a loaf of bread and a 2l bottle of milk. For your \$6 a day, you get water, drainage, recycling, streets, footpaths, parks and gardens,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

## 55%

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

## 21%

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



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

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

## That's why we need to invest.

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

Successful cities recognise that:

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

This plan aims to ensure Wellington is competitive on all of these fronts. It builds towards the city's goal of a *Smart Capital*<sup>2</sup>. The plan adds to the city so that people can choose this as here place to be.

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<sup>2</sup> See Wellington Towards 2040: Smart Capital for a full outline of the Council's outcomes.

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

Our decisions will be open to scrutiny.

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

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

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

Success will mean...

GDP growth **above** historical averages.

**Faster** population growth.

Value **uplift** in the city.

More business activity and jobs. **more**

**Sustained** high quality of life rankings.

**Lower** emissions.

Partnership **funding** secured.

**Kāhore taku toa i te toa takitahi, he toa takitini**

We cannot succeed without the support of those around us.

# Our sustainable growth agenda

By choosing the option to *invest for growth* the following projects can be advanced:

1. **A longer airport runway:** bringing in more international visitors, and enhancing business and education connections.
2. **Screen & tech industries:** supporting smart and sustainable economic growth
3. **Inner city regeneration:** promoting housing and a vibrant inner city
4. **Revitalise the Civic Square precinct:** a national music hub, more activity, and a strengthened Town Hall
5. **Reigniting our sense of place** through creative events and public space improvements
6. **Strengthening town centres:** creating liveable communities and accommodating growth
7. **New and improved venues** for music, sport, and conventions
8. **New visitor attractions:** celebrating Wellington's culture and environment
9. **Improved management of key infrastructure:** for greater efficiency, and better environmental and social outcomes
10. **Use smart technology** to reduce energy use, make streets safer, and make parking easier
11. **Real transport choices** for an efficient, sustainable and safe transport network

## 1.

## A longer airport runway: bringing in more international visitors, and enhancing business and education connections.

Wellington's economic prosperity depends on the strength of its connections with the rest of the world.

Tourism is a fast-growing sector of the region's economy, supporting 16,000 jobs. Yet the industry's potential for future growth is limited, because Wellington International Airport isn't built for long-haul international flights.

The lack of long-distance direct air connections also reduces the region's ability to attract international students and make business connections.

Wellington International Airport is proposing to increase the length of its runway by about 300 metres, allowing it to support direct flights to and from Asia and North America.

The runway extension is estimated to require an investment of up to \$300 million. The Council has contributed to the funding of an application for resource consent application along with the Airport. This is expected this year.

Independent economic analysis to date has found that, over 40 years, the extension has potential economic benefits to the Wellington region of between \$389 million and \$684 million in today's dollars; and potential economic benefits to New Zealand

of between \$714 million and \$1.75 billion in today's dollars.<sup>3</sup>

These benefits would principally arise from growth in international tourism – estimated to be worth up to \$1.3 billion nationally. Experience in other cities has shown that adding long-haul air services stimulates increases in inbound tourism by 50-100% or more within a very short timeframe.

Independent analysis commissioned by the airport has also concluded that the runway extension would support an increase in international student numbers. It is likely to reduce business travel times by about 33% on routes to and from Asia and North America, and reduce freight transport times.

A number of intangible benefits would arise from improved business-to-business connectivity – including improved knowledge-sharing opportunities, and better access to customers, suppliers, investors, and skilled labour.

### BENEFITS

- Growth in international visitor numbers and spend
- Growth in international student numbers

<sup>3</sup> Ernst & Young, September 2014, Wellington International Airport Limited: Economic impact of the proposed runway extension (measured in today's dollars)

- More jobs and more freight movements
- Stronger international business connections.

#### ASSUMPTIONS

- The Council will provide grant funding sufficient to service a \$90 million investment as contribution towards a longer runway.
- The level of grant funding required to service this investment over 40 years would result in an annual cost of around \$6.5million commencing in 2019/20

- The total costs and funding options will be considered as part of the business case.
- A decision to proceed will be made at that point and in light of resource consent process.
- It is anticipated that the balance of funding will be drawn from those that benefit – potentially the Airport, residents, businesses in the city and across the wider region, and the government in light of potential economic benefits to New Zealand.

Should the Council explore an infrastructure project that has the potential to bring up to \$680 million of investment into Wellington?

Content for Council approval 5 March

## 2.

## Film & tech industries: supporting smart and sustainable economic growth

### A central city tech hub

ICT is Wellington's fastest growing business sector, contributing more than \$2.4 billion in GDP to the region annually and supporting more than 15,000 jobs.

One of the critical conditions for success in high-tech industries is opportunities for people to connect with each other, sharing knowledge, ideas, innovation, investment, and pathways to national and international markets.

Wellington's compact central city naturally encourages these connections. The area already has many ICT companies, ranging from start-ups to successful, high-growth international businesses. The region also has several universities and training institutions. But more can be done to support the sector, and in particular to help small start-ups to become growing businesses.

A central city tech precinct offers opportunities to foster growth in high-tech companies, and to encourage connections between start-ups, established businesses, training providers and others in the sector, bringing innovation, skills, jobs and prosperity.

Wellington City Council proposes to establish a 'tech hub' to help high-tech start-ups connect with funders, investors and international speakers. The hub would comprise an inner-city premises or precinct where tech start-ups could co-locate. The hub may also support development programmes and space to showcase businesses' products and services.

While the CBD as a whole is a collective of digital and tech companies, a hub to bring activities together and enable connections has considerable sector support.

The hub may complement and work closely with educational providers, research organisations, and established ICT businesses.

#### BENEFITS

- Encourage innovation
- Clearer pathways from start-up to commercial success
- More jobs and commercial opportunities for ICT graduates
- Higher profile for Wellington's ICT sector
- Increase talent and technology available to established ICT companies.

**ASSUMPTIONS**

- We have budgeted \$500,000 per year from 2015/16 as catalyst funding to support the establishment of a tech hub.

**Industry enterprise zone**

Wellington's screen production sector thrills, inspires and amazes people here and around the world. It is a vital and growing part of Wellington's economy, employing about 2000 people and contributing about \$400m in annual economic output. It also attracts tourists and contributes to regional identity.

However, the industry is also heavily dependent on one-off productions. A challenge is to create a growing and more continuous flow of projects.

The City Council proposes to explore with the industry the introduction of an enterprise zone amongst other steps. Key aspects of this could include:

- simpler planning and rates processes
- support for an international higher education facility to support the industry's demand for skills.

- 

**BENEFITS**

- More jobs
- Higher economic output
- More stable and sustainable workflows
- Greater contribution to NZ's international profile.

**ASSUMPTIONS**

- The idea is in its early stages but gives an indication of the Council's openness to supporting growth industries. Such a zone could be located in Miramar close to the airport or as part of a new town centre as part of the proposed East West link rd.

**A joined-up approach to smart growth**

Wellington city's economy is not separate from the economies of neighbouring cities – the region forms a single economy.

Nor can the various sectors of the economy – such as events, tourism, hospitality, screen production and ICT – be considered separate from each other. The success of one sector inevitably contributes to the success of another, by making the city more prosperous, increasing opportunities available to residents, and attracting visitors, workers, and businesses.

For that reason, the City Council has worked with Greater Wellington Regional Council and other local authorities to establish the Wellington Regional Economic Development Agency (WREDA), a single agency responsible for economic development, events and tourism throughout the region.

The agency will provide a clear direction for economic development across the region, leading to higher growth, more jobs and stronger communities.

**BENEFITS**

- 'Joined up' approach to economic development
- Greater ability to promote the region nationally and globally



- More efficient use of resources.

**ASSUMPTIONS**

- Due annual contribution of \$17.5m to WREDA fund tourism promotions, major events, Wellington venues, business attraction and retention, and city innovation projects.

Wellington city's future prosperity is dependent upon:

- a. primary industry?
- b. heavy manufacturing?
- c. mining and other extractive industries?
- d. the services, digital and creative sectors?

The choice is obvious – d: so, how do we best provide the conditions to make these growth industries continue to flourish?

Content for Council approval 5 March

## 3.

## Inner city regeneration: promoting housing choice and a vibrant inner city

### Revitalising the inner city

Though Wellington has a vibrant CBD, parts of the inner city remain underdeveloped. Fragmented ownership and a shortage of capital combine to slow development that could otherwise unlock economic potential and bring social and environmental benefits.

Of particular significance is the 'growth spine', linking northern suburbs to the central city, the Basin Reserve, Newtown and Kilbirnie. By focusing future development along this spine, we can significantly increase housing supply and create vibrant, new mixed use city and suburban areas.

Targeting growth is also better for the environment, as it ensures that land is used efficiently, and reduces dependence on private cars.

Key projects will include:

#### Transforming Victoria Street.

Upper Victoria Street is being transformed into exciting, pedestrian-friendly inner-city neighbourhood. The upgrade that is underway will include street trees, new lighting, wider footpaths, and bus and cycle lanes, and will support proposed developments expected to provide a new higher education campus and up to 1100 new apartments.

### Redeveloping the city end of Adelaide Road

The city end of Adelaide Road will be redeveloped into a vibrant, mixed-use neighbourhood with high quality public spaces, rapid bus links, improved pedestrian and cycle links, and stimulate new developments housing apartments, workplaces, shops and cafes. The redevelopment will include road widening and reconfiguration, and will support the development of up to 2500 new dwellings and 51,000 square metres of commercial space.

### Redeveloping Kent and Cambridge Terraces

Kent and Cambridge Terraces will be redeveloped to:

- Strengthen transport connections for buses, cycles, pedestrians, and private cars
- Use planting and streetscape improvements to give the city a 'green edge' and strengthen connections with the waterfront, CBD and Memorial Park
- Support more apartment and commercial/retail development, ultimately providing for up to 2100 new dwellings and 180,000 square metres of commercial and office space.

### BENEFITS

- Improve transport connections between the CBD and southern and eastern suburbs

- Catalyse commercial and housing development, creating vibrant, mixed use inner city suburbs
- Improve access to affordable, convenient housing.

#### ASSUMPTIONS

- Funding for completion of the Victoria Street project has been provided for within the 2014/15 budget.
- Our plan includes approximately \$72 million of capital expenditure funding for projects like Adelaide Road and Kent/Cambridge redevelopment, starting in 2017/18.

### Establishing an urban development agency

To act as a catalyst for inner city regeneration, the Council is considering the establishment of an urban development agency. This agency would likely have authority to buy (at market rates) and develop land and buildings.

Urban development corporations have proved successful internationally at driving urban regeneration. The success of Wellington's waterfront also shows the benefits of having a single organisation coordinating city development while working in partnership with other investors.

#### BENEFITS

Establishing such an organisation could allow us to:

- speed up inner city regeneration
- focus growth in targeted areas with strong transport links and other infrastructure.
- ensure that development aligns with other social, economic and environmental priorities

- protect heritage through targeted investment and strengthening of earthquake-prone buildings

#### ASSUMPTIONS

- The Council will fund the early stage of this project from its internal labour budgets.
- There are different ways to construct such an agency and different limits that can be placed over them. The council will consider the best options in the coming year.

### Strengthening heritage buildings

Heritage buildings make an important contribution to the city's character – but many require strengthening to make them safe in earthquakes. The Council provides support to building owners by providing grants for earthquake strengthening and waivers on some resource consents. For the next three years, we are proposing to increase the total funding pool to \$1 million a year, in order to increase the number of buildings that are being strengthened.

#### BENEFITS

- Retain heritage buildings, contributing to character of inner city
- Strengthen heritage buildings to protect from earthquakes.

#### ASSUMPTIONS

- We will also be reviewing our regulatory environment to see what, if any, changes can be made to enable building owners to alter aspects of the buildings to make them more economically viable.
- We have increased our Build Heritage Incentive Fund by \$400k per year to \$1million.
- This plan also includes an increase in the rates remission provisions for category 1 and 2 heritage buildings.

How should the Council work with developers to stimulate more and a greater mix of housing being built in the inner city?

Should ratepayers support private building owners to protect local heritage?

Content for Council approval 5 March

## 4.

## Revitalise the Civic Square precinct: a national music hub, more activity, and a strengthened Town Hall

Civic Square is an important centre of Wellington's civic and cultural life. It provides a gateway from the CBD to the waterfront, houses several important cultural institutions, such as the central library, City Gallery and Town Hall.

Since its creation in 1992, building standards have increased. Several of the square's buildings now require strengthening to bring them close to modern earthquake standards.

This creates an opportunity to refurbish and revitalise the square, opening it up to a wider range of uses and improving links with surrounding buildings and streets to make the square more lively and attractive.

The Town Hall is currently closed pending a decision on how best to fund its strengthening. An aim of the proposal is to offset some of the costs that would otherwise fall to ratepayers.

Key aspects of the proposal include:

- Earthquake strengthening the Wellington Town Hall, the Wellington City Library, the office buildings currently occupied by the Council, and possibly the Capital E space.
- The potential to establish a national music hub in the Wellington Town Hall and Michael Fowler Centre. A

partnership is being explored between the Council, Victoria University and the NZ Symphony Orchestra that would allow the refurbished town hall to be used as a performance and recording venue.

- Upgrading the square and improving links with surrounding streets.
- Possible 'opening up' of building ground floors so that cafes and shops can open on to the square, and people can more easily see into the square from surrounding streets.
- Leasing Jack Ilott green and the Michael Fowler Centre car park to allow construction of new buildings – with income used to offset earthquake strengthening costs.
- Making the Municipal Office Building available for lease.
- Making more efficient use of council office space – reducing space to current benchmarks.

### BENEFITS

- Strengthening of the Town Hall and other significant buildings
- Enhance Wellington's reputation as a centre of music performance and recording
- Revitalise public spaces, making them more attractive, and bringing in more people and a wider variety of uses.

**ASSUMPTIONS**

- The net costs of the whole proposal is budgeted at \$77.6m
- As this proposal includes the lease of land and involves the Civic Square, a strategic asset, it is required to have its own statement of proposal. In short, if you want to know more see the separate appendix to this plan.
- The long term ground lease income and external funding are budgeted to contribute \$22.4m to the project
- The cost of the Town Hall Strengthening is budgeted at \$59.m. Other costs include \$16.8m for earthquake strengthening the library and office building, Civic square public space improvements \$10.6m and \$14.1m for service separation costs and conversion of the remaining office building to an efficient workplace.

Should the Council invest in strengthening the Town Hall and other earthquake prone buildings? Should we lease out land and office space help to offset the costs?

Content for Council approval 5 March

## 5.

## Reigniting our sense of place through events and public space improvements

### Increased funding for major events

Wellington is New Zealand's events and creative capital. From film premieres to major sports events to arts & culture festivals, there's always something to do in the city. Major events such as the World of Wearable Art Awards and ensure that the city is a lively and enjoyable place to live.

Wellington faces increasing competition from other Australasian cities for the right to host major events. To maintain our economic and cultural edge, we will need to invest. The Council is proposing to increase the funding available to attract and support major events, ensuring that the city is able to bring in new attractions and retain those it currently has.

Our major events fund targets a 1:20 economic return on the investment that is made.

#### BENEFITS

- More vibrant and lively central city
- Stronger economy, with more jobs
- Strengthen Wellington's reputation as an events capital

Wider range of entertainment & cultural opportunities

#### ASSUMPTIONS

- We propose increasing our Events Development Fund (implemented through WREDA) to \$5m per year. In addition, we will continue our community festival grants funding.

### The NZ Festival

The festival is New Zealand's premier arts and cultural event. It's currently held every two years, and attracts world class line-ups of performers. They bring many thousands of visitors to the city and expose locals to compelling, graceful, witty, fresh and challenging performances, artists and experiences.

It's a centrepiece of the city's status as a cultural an arts capital. The 'off year' leaves a gap in the city's events calendar and means we are missing out on the economic and cultural returns from the quality events that the festival can attract.

We propose increasing our grant to allow it to grow its existing programme, attract new audiences, and develop more 'off-year' events or shows in the city.

#### BENEFITS

- Greater access to world class performances
- Strengthen Wellington's identity and culture as one of creativity

#### ASSUMPTIONS

- The proposal is to provide an additional annual grant of \$500,000. This complements the NZ Festivals own success at raising the majority of its funding from ticket sales and other sources.

## Cheering up the streets and laneways

Streets make up around 80% of the open space in the inner city. They get us from A-B but they can also be spaces where we spend time, congregate and have fun.

Lanes provide short-cuts for pedestrians through large urban blocks and – if lined with shops, cafes or other public uses – can make a vital contribution to the liveliness of the city, as well as making it easier to move around. The success of Melbourne’s laneways – transformed since the late 1990s from service lanes to vibrant shopping and entertainment streets – provides a strong precedent.

Wellington has a number of lanes which are under-utilised, unattractive or unsafe.

We propose to work with others to increase levels of economic activity and pedestrian movement along inner city lanes and streets.

The works will include physical improvements such as lighting in key locations. More importantly it will introduce a rolling programme of low-cost, pop-up activities at changing locations across the city.

The recent changes to Bond St is an example of how these popular events can add a *sense of place* to an otherwise forgotten street.

### BENEFITS

- New economic activity

- Makes the city safer, easier and more enjoyable to walk in
- Offers points of distinction and a sense of renewal to the city.

### ASSUMPTIONS

- \$4.5 million capital expenditure over the years.

## Redeveloping Frank Kitts Park

Frank Kitts Park plays an important role in the city as a gathering place and as a site for waterfront events. The park was completed in the 1980s, with a design aimed at allowing spectators to safely watch the annual waterfront street car race that ran in the city at the time.

The Council is proposing to redevelop the park, re-orienting its focus towards the harbour and integrating a long-planned Chinese Garden. The park will retain large areas of open lawn, along with a much improved children’s play area.

The redeveloped park will support a variety of uses, from events to walking and relaxing, to play, while also creating a more diverse and attractive harbourfront space.

### BENEFITS

- More attractive, user-friendly waterfront space oriented to the harbour

### ASSUMPTIONS

- \$5.5 million has been set aside for the park’s redevelopment.
- We also plan to support another feature of the city’s Waterfront: the Circa Theatre. We propose a grant of \$250k over three years.

The city provides the stage for you to play and engage. Should we invest more in the city’s lanes and events?



## 6.

## Strengthening town centres: creating liveable communities and accommodating growth

Over the next 30 years, Wellington city's population is projected to grow by more than 44,000, taking the total population to about 246,000. To house these people, an additional 20,000 homes will be needed.

While some of this growth will occur in the central city, a significant proportion will also occur through intensification of existing town centres such as Johnsonville and through greenfields developments such as Lincolnshire Farm.

The Council is planning to facilitate growth by strengthening infrastructure in areas where growth is expected.

### Johnsonville

In Johnsonville, transport improvements, new community facilities, greater housing choice, improved urban design and public spaces, and a greater range of shops are all part of a master plan for the Johnsonville town centre.

Major roading improvements – aimed at reducing congestion and improving access to the shopping areas – are already well under way. So, too, is redevelopment of the Keith Spry Pool, with new children's and learn-to-swim pools.

The next steps in the suburb's redevelopment are the completion of major

redevelopments of Alex Moore Park and Johnsonville Library.

The first stage of the park's redevelopment occurred in 2014, with construction of a car park and perimeter walkway, and installation of artificial turf on the northern sports field.

We propose to complete stage 2 in 2018. It will involve joint funding of a new pavilion and sports centre on Bannister Avenue. The Council's contribution is \$1.45 million, while clubs in the area have combined to fund raise for the remainder.

We propose to build a new, larger library in Johnsonville, to cater for increasing demand as the area's population grows.

The new library will be located between Keith Spry Pool and the Johnsonville Community Centre, allowing the three facilities to operate as an integrated community hub. It is likely to include a café and possibly other community space as well as library facilities.

Design work for the new library will be undertaken during 2015, with the aim of having the building open in 2018.

#### BENEFITS

- Community facilities keep up with demand from growth

- Improved quality and service
- Better integration of community facilities.

**ASSUMPTIONS**

- Alex Moore Park: \$1.5m grant to be funded over 10 years.
- Johnsonville Library: \$17m capital expenditure.

**Karori and Tawa**

Wellington’s suburban housing stock is dominated by detached family homes. As the city’s population ages and smaller households become more prevalent, we need to facilitate the development of a wider range of housing types.

Medium density residential areas support the development of houses on smaller lots, terraced housing, and low-rise apartments close to town centres, in areas of high accessibility to public transport, shops and facilities. Medium density housing provides opportunities for residents to age in their communities without the burden of maintaining a family house, and may provide a more affordable alternative to a traditional house.

The Council has already created medium density residential zones in Johnsonville (see above) and Kilbirnie. We now plan to consult with residents in Karori and Tawa, in the first instance, to determine the extent to which medium density housing may be suitable for those communities.

We will also work with the local communities to identify aspects of the town centres which could be improved to better accommodate an increased population.

**BENEFITS**

- Increases housing supply, choice and affordability
- Supports the use of public transport, walking and cycling
- Helps keep our city compact by reducing the need for greenfield development
- Optimises the use of existing infrastructure and facilities.

**ASSUMPTIONS**

- The Council proposes to set aside \$1m for each of the two suburbs to support upgrades to town centres.
- Investigations will occur in 2015 and will be followed by community consultation. Any District Plan change arising from this work will follow the normal regulatory process and timeline.
- Other suburbs likely to be studied include Newlands, Crofton Downs, and Miramar.

Should the Council prioritise its investment to target suburbs where growth and change is occurring?

## 7.

## New and improved venues for music, sport, and conventions

### An indoor arena

Live music performance is part of Wellington's DNA, and the region has a wide range of venues. But it has no indoor venue capable of seating more than 5000 people. As a result, the region misses out on international artists who play in other cities such as Auckland and Christchurch.

This comes as an economic cost to the city, because we are missing out on rock concerts and other music events that can attract large numbers of people to the city. It also has social and cultural costs – the city is less lively and vibrant than it otherwise might be, and its reputation as a centre for arts and culture is compromised.

Wellington City Council is progressing work to scope the possibility of developing a 8,000 – 12,000 seat indoor arena in the central city.

This would be a large investment, with significant benefits for the region – allowing the region to attract many more live music, comedy and other performances, bringing in visitors and boosting the economy, as well as increasing entertainment options available to residents.

The project would likely be developed in partnership.

#### BENEFITS

- More international music, comedy and other acts

- More visitors to Wellington – bringing jobs and growth
- A more vibrant city.

#### ASSUMPTIONS

- At this stage the Council is exploring the feasibility of this project and undertaking a review of venues across the city. If a decision is made to proceed further, a business case will be developed and partnership funding options explored.
- Funding of the Council's contribution to this initiative is proposed that this be split between; the Downtown Targeted Rate 40%; and general ratepayers 60%.
  - Indicative construction cost of \$65m, which is provisioned for within our plan..
  - Construction from 2020/21 to 2022/23

### Wellington Convention Centre

Conventions bring people to the city from throughout New Zealand and overseas to discuss ideas, and make connections.

The Council has consulted on and received strong support for a new convention centre for Wellington. We are currently re-assessing options for the delivery of a facility with capacity to host conferences of up to 1200 delegates and banquets of 1,150.

Though Wellington is already New Zealand's second largest convention destination, we do not have a purpose-built conference venue. With Auckland, Christchurch and Queenstown all planning new convention centres, competition is getting tougher.

The Wellington Convention Centre will allow the city to maintain and increase its

market share in the lucrative conference market, creating jobs and bringing up to \$21.4 million a year into the Wellington economy.

Increasing the number of conferences held in Wellington will also attract events, increase Wellington's international profile, and encourage Wellington businesses and research organisations to strengthen connections with their counterparts overseas.

Without a dedicated convention centre, it is expected that Wellington will lose a share of the convention business to other cities.

#### BENEFITS

- Increase international visitor numbers
- Create more than 200 new jobs
- Boost growth in hospitality, tourism, retail and other sectors
- Protect and create new expenditure of \$40 million per annum in the city
- Increase international profile and strengthen international connections.

#### ASSUMPTIONS

- The Council has no capital commitment to this project. Our budgeted cost is in the form of an operational grant of \$4m p.a. from 2016/17
- Funding of the Council's contribution to this initiative is proposed that this be split between; the Downtown Targeted rate 40%; and general ratepayers 60%.

### Basin Reserve redevelopment

The Basin Reserve is ranked as one of the world's top ten cricket venues, and known as one of New Zealand's most picturesque and historic cricket grounds. But its future is far from assured, with competition from an increasing number of grounds around the country.

The Basin Reserve Trust has developed a Masterplan to present a 25-year vision for the future of the ground. The key features of the vision are to retain the premiere test status of the stadium and to enhance the

Basin Reserve as a local recreation space for the community.

Redevelopment would include the integration of more usable public space to enhance the 'Village Green' feel of the grounds, the installation of flood lights, and developing flexibility in capacity through the use of temporary seating to accommodate a range of sporting and cultural events.

A question remains on the future of the earthquake prone 1924 pavilion and whether to strengthen the stand or to replace the structure with a tiered embankment that would include public space facilities such as a playground, trees and park seating. Event seating at the ground will be maintained at 9,000, but could be increased to 15,000 for major events through the use of temporary seating above the embankment when additional capacity is required.

The Masterplan will be brought to Council for approval later in the year.

#### BENEFITS

- Protecting and enhancing the Basin Reserve as a local recreation reserve
- Retaining the Basin Reserve as the premiere Test cricket venue in New Zealand
- Opening up the Basin Reserve more to the people of Wellington and enhancing community activity within it

#### ASSUMPTIONS

- \$21 million has been budgeted for the upgrade starting in 2015/16.

### National Hockey Stadium

The Council is considering a proposal for installation of a third artificial turf sports field at the National Hockey Stadium in Berhampore, to accommodate growing

demand and improve the stadium’s capacity to host hockey tournaments and events.

Participation in hockey has grown significantly in the last decade, to a point where the stadium is now operating at capacity with 95% winter utilisation rate. Wellington players frequently have to travel out of town for games.

Wellington Hockey Association is also proposing an upgrade of the existing stadium.

**BENEFITS**

- Improved access to sport/recreation opportunities, reflecting increased demand
- Enhanced capacity to host major hockey events.

**ASSUMPTIONS**

- \$1.4 million of capital expenditure has been budgeted for the upgrade.

What returns would you expect to see from a \$21 million redevelopment of the Basin Reserve? Should the Council invest in attracting bigger and more international acts by investing in an indoor arena? Is capacity and demand the right measure for prioritising investment into sport facilities? Is the balance of funding for the Convention Centre right?

Content for Council approval 5 March

8.

## New visitor attractions: celebrating Wellington's culture and environment

### International film museum

Wellington is one of the country's fastest growing tourism markets, with rapid growth in visitor nights in the last 10 years. But there is still considerable untapped potential in the market. Not only can we attract more visitors, we can also encourage them to stay longer and spend more.

To do this, the region needs more high-quality tourist attractions – ones that can keep visitors here for an extra day or two.

Wellington City Council is working with private sector partners to establish an international film museum in central Wellington. The museum has potential to be a significant attraction.

The museum would likely require a purpose-built building in a central city location. Wellington City Council anticipates that this would be funded through a partnership, able to leverage both public and private investment.

Together with other initiatives that the Council, is working towards, this proposal has potential to significantly enhance Wellington's offering to domestic and international visitors.

#### BENEFITS

- Increase domestic and international visitor numbers
- Increase length of stay and visitor spend

- Raise Wellington's profile internationally
- Recognise and celebrate the role of film in Wellington and national identity.

#### ASSUMPTIONS

- The preferred site for the attraction is to be finalised but it is expected to be in the central city. The Council has provisionally budgeted \$30m. The costs, returns and funding will be determined as part of the development of the business case.

### Museum of City and Sea expansion

The Council proposes to part fund an expansion of the Museum of Wellington City & Sea, recently named one of the world's top 50 museums, allowing it to show more of its collection and attract more visitors.

The proposal would see earthquake strengthening of the building – the historic Bond Store, and an upgrade of the exhibition and visitor experience.

The expansion is expected to attract additional visitors and complements the City Gallery, Carter Observatory, Cable Car Museum and other offerings of the Wellington Museums Trust.

#### BENEFITS

- Improved visitor experience
- Greater access to museum collections and the heritage building
- Strengthen the museum's contribution to the Wellington's identity and culture.

**ASSUMPTIONS**

- The City Council will contribute a \$7.4 million grant towards the \$11 million expansion. The Trust will also secure funding from other sources.

**World War 1 commemorations**

The years 2014-2018 mark the centenary of the First World War. More than 100,000 New Zealanders were directly involved in that conflict, from a population of just over a million.

Wellington City Council is working in partnership with the Government and others to commemorate New Zealand's involvement in the war.

Pukeahu National War Memorial Park is the Government's major project to acknowledge the centenary, and to commemorate New Zealanders who participated and died in World War 1. The City Council contributed \$5m towards the park's creation.

The Ministry for Culture and Heritage is also developing an interpretation, exhibition & education centre, offering visitors opportunities to learn about New Zealand's involvement in military campaigns, and the impact of these campaigns on the country.

The City Council is supporting this exhibition and will work with the government on the concept of establishing a permanent facility.

This would add to the area's significance as a place of national commemoration and reflection.

**BENEFITS**

- Strengthen culture, identity and understanding of Wellington and national history

- Commemorate New Zealanders' involvement in World War 1

**ASSUMPTIONS**

- In a joint project with Parliament, the Council is currently redeveloping the Cenotaph site on the northern end of Lambton Quay. This will provide more public space for Anzac Day commemorations and provides an edge to the parliamentary precinct.
- A provisional Peace and Conflict museum contribution from Council is budgeted at \$10m capital investment in 2015/16. Our assumption is an investment in land. We do not anticipate ongoing operational funding.

**Ocean Exploration Centre**

The Council is considering a proposal to support the establishment of an Ocean Exploration Centre at the former Maranui Quarry site in Lyall Bay, providing opportunities to discover Wellington's marine life and ocean environment.

The centre aims to be a significant visitor attraction, providing people with opportunities to discover and appreciate New Zealand's marine environments, with a particular focus on the Cook Strait's unique sea life. The centre also aims to play a role in promoting the long-term health of New Zealand's marine ecosystems.

The Centre would be built and operated by the Marine Education Trust. The Council would contribute a third of the \$18m capital costs. The Trust aims to attract the remaining two thirds from Social Investors and the government.

**BENEFITS**

- New nature-based visitor attraction
- Strengthens Wellington's identity as a city that celebrates nature
- Increased awareness of and advocacy for the marine environment.

**ASSUMPTIONS**

- The operating costs of the Ocean Exploration Centre would be met by the Marine Education Trust. They have assessed that 180,000 visitors

per annum would be required to make the centre viable. Initial estimates show projected visitation in excess of 200,000. This is similar to the number of people that visit the Wellington Zoo each year. The Council's contribution is conditional on the funding being secured from other parties and review of the final business case

- The budget contains an operational grant of \$6m in 2015/16.

These additions (and the events and festival funding) aim to showcase the best of Wellington: the arts, film, nature, our 'capital' city status, and our very own stories. Have we got the mix right?

Content for Council approval 5 March



9.

## Improved management of key infrastructure: for greater efficiency, and better environmental and social outcomes

### Understanding key infrastructure

Wellington city's biggest infrastructure asset is one that is rarely seen. It lies out of sight, underground. There, more than 2700 kilometres of pipes and tunnels criss-crossing the city – carrying water to the city's homes, businesses, schools and hospital; or carrying sewage to treatment plants; or stormwater to the sea.

Together, this network and associated assets is valued at around \$1.3 billion. Lay all of the pipes end to end and they would reach Sydney.

Managing these assets – and the environmental impacts associated with their use – is one of the biggest areas of Council activity: each year, we spend more than \$50 million to operate the city's water, wastewater and stormwater networks; and invest more than \$25 million in new or upgraded assets.

Through better management of these assets, we anticipate that we can make savings on previous forecasts, without compromising service levels.

We will also be focusing new urban growth in areas where existing water & stormwater networks already have enough capacity to deal with added demand.

### BENEFITS

- More efficient and better targeted use of resources
- Improved environmental outcomes
- Savings that can be reinvested into the city.

### ASSUMPTIONS

- The network is managed and maintained by Wellington Water – a company established by five councils across the metropolitan region.
- \$101m reduction on infrastructure renewals (compared to previous forecasts) over 2015/16 – 2024/25.

### Real-time stormwater monitoring

Every year, millions of litres of stormwater is discharged into the city's streams, harbour and coastal waters. That stormwater can contain contaminants, such as oils, paints, detergents, litter, animal droppings, and – after heavy rainfall – sewage. The environmental impacts of stormwater runoff are monitored, and generally comply with resource consents and environmental standards.

In the next three years, we will be introducing real-time monitoring of the stormwater network. This will enable us to measure flows of stormwater and pollutants into waterways, and allow us to

better manage pollutants when stormwater is causing environmental harm.

#### BENEFITS

- Better understanding of the networks performance
- Better understanding of environmental impacts from stormwater, and greater ability to control those impacts.

### Understanding the impacts of climate change

During this century, according to scientific modelling, climate change is likely to have an increasingly significant impact on Wellington and other coastal cities.

The sea level is predicted to rise by somewhere between 60cm and 1.1 metres. With it, the water table could rise. Potential impacts include erosion and inundation of low-lying coastal land, damage to infrastructure and building foundations, increased flood risks, and increased risks of liquefaction in the event of an earthquake.

A warming climate is also likely to make severe storms more frequent, bringing risks of property and infrastructure damage.

Initial modelling suggests that a 60cm-1.1m sea level rise would mainly affect a small number of coastal areas. Nonetheless, the impact could be significant.

One of the most important tasks facing the Council is to prepare the city for these impacts. We will have to make decisions, for example, about whether coastal land needs to be protected by sea walls, or changes are needed to the stormwater system or other infrastructure.

The first step is to understand the possible impacts, and the measures that can be taken to reduce or mitigate those impacts. Over the next three years, we will:

- Develop a hydraulic model to assess the impact of increased storm intensity and rising sea levels on the stormwater network, so we can make sensible decisions about land use, building and infrastructure
- Review District Plan provisions for areas that might be vulnerable to rising sea levels.

#### BENEFITS

- Protect people and property from adverse effects
- Better understanding of potential impacts from climate change, allowing better decisions

#### ASSUMPTIONS

- The city is making progress towards mitigating its contribution to carbon. Examples include: the highest use of public transport per head of population in Australasia; low energy usage and secure renewable energy sources, with wind farms in the city's boundaries that generate sufficient power for 100% of residential needs; an expansion of the Town Belt by more than 700 hectares over the past two decades; and planning rules that aim to reduce the costs and impacts associated with sprawl.
- More can be done. We propose to extend our contribution to Enviro-schools and our award winning Smart Energy Challenge. We will also review our Climate Change Action Plan and secure independent accreditation from CEMARS to benchmark our work.

### Supporting our natural capital

Wellington is literally set in nature. The environment is part of the city's infrastructure. It's the foundations on which the city is built.

Wellington is rare among cities. The ease with which people can connect with the natural world is a point of difference. Significant sites like the marine reserve on the South Coast, Otari Wilton's bush and Zealandia are complemented by a broader programme that aims to protect and enhance the biodiversity in the city.

To find out more about what we do and are proposing see our Biodiversity Action Plan.

Have we got the balance right?

Content for Council approval 5 March

## 10.

# Use smart technology to reduce energy use, make streets safer, and make parking easier

Our services represent value for money. But we are always striving to find new, better and more efficient ways to deliver our services.

### Installation of wireless car park sensors

We are trialling the use of smart technology aimed at making it easier for people to find car parks.

Wireless sensors fitted into the road surface can provide information on whether a car park is occupied. This information can be used to tell drivers (either through signs or online apps) where car parks are available, as well as the applicable price.

The sensors can be incorporated with online payment systems, making it easy for drivers to both find and pay for their parking, and ensuring they only pay for the time they use.

'Dynamic pricing' – in which the price falls as more parks become available – can also be introduced alongside the sensors. Where this system has been used overseas, it has resulted in reduced average parking prices and greater parking availability.

Of course, sensors can also help with parking enforcement, by ensuring that drivers comply with time limits, and don't park without paying or park in areas they

are permitted to (such as disability parks or loading zones).

The Council is proposing to including funding in its long-term plan for installation of parking sensors in the central city. A final decision on implementation will be made after the results of the trial are known.

Implementation will require some changes to our policies, including the introduction of flexible pricing.

#### BENEFITS

- More convenient – with easier access to parking and easier payment options
- More efficient
- Better compliance, increasing availability of parks.

#### ASSUMPTIONS

- The costs of implementation are \$1.5m. It is expected that there would be savings of \$8m over the 10 years. The costs cover installation of wireless sensors, signs showing park availability, and integration with websites/apps showing parking availability and supporting online payment.
- Increased revenue from parking sensors \$1m pa 2016/17 – 2024/25.

## Installation of LED street lighting

The Council is exploring the option to reduce energy use by installing high efficiency LED streetlighting throughout the city.

Currently, the Council spends more than \$2.3 million a year lighting the city's streets. Street lights use some 7.33 megawatts of electricity – enough energy to power several thousand homes.

Installation of LED lighting has potential to reduce energy use – and costs – by at least 50%, and probably much more.

LED technology also brings numerous other benefits. It offers better visibility and therefore safety than conventional street lighting. Light pollution is reduced. And LED lighting can be controlled – allowing lights to be dimmed when they are not needed, or lighting levels to be increased in areas of high demand. LED lights also last much longer than conventional lights, are easier to maintain, and are less harmful to the environment.

The introduction of new LED streetlights may also provide an opportunity for a city Wi-Fi 'mesh' suitable as the backbone for other 'sensing city' initiatives

LED lighting has already been successfully trialled on Courtenay Place. The Council now proposes to roll out LED lighting in stages across the city. There is an up-front cost because LED lamps are more expensive than conventional ones. However, this will be offset by lower energy and maintenance costs.

### BENEFITS

- Safer
- Better environmental outcomes through reduced energy use and fewer toxins
- Reduced long-term costs.

### ASSUMPTIONS

- No specific budget has yet been allocated within the LTP for this project, pending further assessment. However the cost is expected to be offset through reduced energy use.

Should the Council invest in LED street lights, with the up-front costs offset by ongoing savings on energy and maintenance?

Should we install wireless car park sensors in the central city, along with more flexible pricing and real-time information about car park availability?

Content for Council approval 5 March

# 11.

## Real transport choices for an efficient, sustainable and safe transport network

Wellington's transport network plays an important role in the region's economy – helping people to connect with each other, and bringing goods to market.

An efficient transport network is also important for health and wellbeing, for connections between people, and for the environment.

Though parts of Wellington's transport network perform well, others are struggling. There is congestion – particularly at peak times – on northern routes into and out of the city centre, and on the route from the city to the airport.

The network is also potentially vulnerable in the event of an earthquake or other major emergency, due to the limited number of routes into and out of the city.

It also provides limited choice – currently supporting private vehicle transport more effectively than other modes such as buses or bikes.

Addressing these issues will require a balanced approach – with stronger public transport and cycle options alongside vehicle network improvements.

Wellington City Council is committed to working with others to see land transport network improvements implemented, so that residents can enjoy safer, more convenient journeys, and the region's economic potential can be unlocked.

### A cycling network

Like other well-connected cities, we plan to encourage a greater uptake of cycling.

The car can provide flexibility for many journeys but can also be inefficient, requiring parking space and creating congestion, especially at peak times.

The implementation of a cycling network would increase the carrying capacity of our roads while improving our health and environment. By encouraging people to use active modes such as cycling, we reduce the congestion for other road users.

Implementing cycleways in Wellington has its challenges because we are retrofitting them into established streets. The city's narrow and winding streets mean that some road and/or footpath space must be reallocated. This may ultimately mean prioritising cycle lanes or cycle parking over on-street car parking in some areas.

The network will span the city with routes connecting suburbs to the CBD and is currently planned to be rolled out over the next decade.

### Bus priority and vehicle network.

Another key priority will be implementation of the Wellington Regional Transport Plan, under which a high-frequency, low emission bus service will be introduced on key routes linking the central city to the Basin Reserve, Newtown and Kilbirnie.

Improvements are also needed to the vehicle network. We support NZTA's programme to improve the state highway network in Wellington, which aims to unlock the city's economic potential by improving transport routes into the city, and from the city to the airport. One of our top priorities will be to find a solution to Basin Reserve traffic congestion in a way that supports smoother traffic flow while meeting community aspirations. The programme also includes double-tunneling the Mount Victoria and Terrace tunnels.

#### BENEFITS

- Safer, healthier, more environmentally friendly transport options
- Unlock economic potential with a more efficient transport network
- Reduced congestion and travel times.

#### ASSUMPTIONS

- Cycleways: \$45m proposed over 10 years.
- Public transport: \$10m set aside for bus priority measures in addition to the improvements to key routes such as Kent and Cambridge Tces and Adelaide Rd. The public transport service is funded by the Greater Wellington Regional Council. Wellington City Council provides the roading and pedestrian networks on which buses rely.
- Vehicle network: \$433m is proposed to be spent on maintaining and renewing the network over the decade. State highway improvements are funded and delivered by the New Zealand Transport Agency.





**Independent auditor's report**  
**on Wellington City Council's Consultation Document**  
**for its proposed 2015–25 Long–Term Plan**

I am the Auditor–General's appointed auditor for Wellington City Council (the *Council*). Section 93C of the Local Government Act (the Act) requires an audit report on the Council's consultation document. I have carried out this audit using the staff and resources of Audit New Zealand. We completed this audit on 5 March 2015.

**Opinion**

In my opinion:

- the consultation document provides an effective basis for public participation in the Council's decisions about the proposed content of its 2015–25 long–term plan, because it:

- fairly represents the matters proposed for inclusion in the long term plan;
- identifies and explains the main issues and choices facing the Council and city, and the consequences of those choices; and
- the information and assumptions underlying the information in the consultation document are reasonable.

### **Basis of Opinion**

We carried out our work in accordance with the Auditor-General's Auditing Standards, relevant international standards and the ethical requirements in those standards.<sup>4</sup>

We assessed the evidence the Council has to support the information and disclosures in the consultation document. To select appropriate audit procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the consultation document.

We did not evaluate the security and controls over the publication of the consultation document.

### **Responsibilities of the Council and auditor**

The Council is responsible for:

- meeting all legal requirements relating to its procedures, decisions, consultation, disclosures, and other actions associated with preparing and publishing the consultation document and long-term plan whether in printed or electronic form;

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<sup>4</sup> The International Standard on Assurance Engagements (New Zealand) 3000 (Revised): *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and The International Standard on Assurance Engagements 3400: *The Examination of Prospective Financial Information*.

- having systems and processes in place to provide the supporting information and analysis the Council needs to be able to prepare a consultation document and long term plan that meet the purposes set out in the Act; and
- ensuring that any forecast financial information being presented has been prepared in accordance with generally accepted accounting practice in New Zealand.

I am responsible for reporting on the consultation document, as required by section 93C of the Act. I do not express an opinion on the merits of any policy content of the consultation document.

Content for Council approval 5 March

## Independence

We have followed the independence requirements of the Auditor-General, which incorporate those of the External Reporting Board. Other than our work in carrying out all legally required external audits, we have no relationship with or interests in the Council or any of its subsidiaries.

Bede Kearney  
Audit New Zealand  
On behalf of the Auditor-General  
Wellington, New Zealand

Content for Council approval 5 March

## Making a submission

There are three main ways you can have a say:

- online – make a submission or post your thoughts [www.Wellington.govt.nz](http://www.Wellington.govt.nz).
- make a written submission – write a letter or use the form in this document and post to Long-term Plan, Wellington City Council, PO Box 2199, Wellington
- come to a meeting to discuss our plans (see below).

Submissions are open between 13 March and 17 April 2015.

### Then what happens?

We appreciate the submissions we get, and we do take them seriously.

The Mayor and councillors are given copies of all submissions. We also prepare reports on the submissions, so that councillors know things like how many there are, and what issues are coming up often. Hearings will be held from 5-8 May for those that have submitted and want to be speak directly to councillors. A committee will then consider the submissions and recommend any changes to the Council. The final plan is schedule to be adopted on 24 June 2015.

### To find out more:

Visit our website to find out more information, including our:

- Financial Strategy
- Infrastructure Strategy
- Urban Growth Plan
- Statement of proposal in relation to Civic Square
- Housing Portfolio Assessment Framework
- Draft Statements of Service Performance.

### Come and discuss the plan

A number of public meetings have been scheduled for March and April. Council will host a ward forum in each of the 5 wards fronted by the local Councillors. The dates for these fora are as follow. See our website for locations and times:

Lambton Ward: 19 March 2015 Eastern Ward: 24 March 2015 Western Ward: 26 March 2015

Southern Ward: 31 March 2014 Northern Ward: 07 April 2015.

Content for Council approval 5 March

**Appendix 1 - Civic Precinct Revitalisation**

**Overview**

- 1 The Council is in the process of reviewing the use and development of the Civic Precinct. It believes that opportunities exist for the Civic Precinct to make a greater contribution to providing Wellington with a dynamic, vibrant and resilient central city.
- 2 The Council's objective is to address the resilience issues faced by the Civic Precinct and how the area can be best utilised to achieve an economically sustainable revitalisation of the overall site. It has approached this issue holistically, dealing with how the necessary strengthening can occur and how the Precinct can better contribute to Wellington's goals in the future.



- 3 To achieve this, the Council is putting forward a package of proposals regarding the Civic Precinct. It is doing this as a package because of the interconnectedness of the proposals and the benefits of considering the future of the area in a holistic manner. The proposals are to:

- 3.1 Lease the Town Hall to a third party. Subject to securing this lease, the Council will also seismically strengthen the Town Hall;

- 3.2 Dispose of the following sites to third parties by way of long-term ground leases that control the design and scale of any development on them:
  - 3.2.1 Jack Ilott Green and potentially Capital E;
  - 3.2.2 The Michael Fowler Centre carpark (**MFC carpark**); and
  - 3.2.3 The Municipal Office Building (**MOB**).
- 3.3 Seismically strengthen the Civic Administration Building (**CAB**) and the Library Building;
- 3.4 Re-survey the Civic Precinct so that, to the extent possible, its component parts are held on separate certificates of title;
- 3.5 Provide buildings with individual plant for services (currently all buildings operate from one centralised plant in the basement) to improve the resilience of the key infrastructure for:
  - 3.5.1 Michael Fowler Centre;
  - 3.5.2 City Gallery;
  - 3.5.3 MOB;
  - 3.5.4 Library Building; and
  - 3.5.5 CAB.

The office space of these buildings will be modernised, with any additional space required to accommodate Council staff being leased from a third party.

Modernisation of the library is to be researched and a concept design established. This will help inform the space requirements of the Library building as a whole. The further design and build of a modernised library is a matter for future decision and is not part of the current proposal.

- 4 The Civic Precinct is currently listed as a strategic asset, and sites within it may only be disposed of if the decision is provided for in the Council's long-term plan (**LTP**). The effect of a LTP is to provide a public statement of the Council's intentions. Subsequent specific decisions are still required to proceed with the matters covered by a LTP. Accordingly, in order for such subsequent decisions to be made over the next three years in relation to the Civic Precinct, they must be proposed by way of the LTP. The purpose of this consultation document is to seek input from the community about the proposals. Because of their special status, this document focuses on those sites that the Council is proposing to dispose of (either through actual disposal or leasing arrangements), i.e.:
  - 4.1 The Town Hall;
  - 4.2 The MOB;
  - 4.3 The MFC carpark;
  - 4.4 Jack Ilott Green and potentially Capital E.
- 5 Each is dealt with in turn below.



6 In addition, a table outlining the potential benefits and risks associated with the various options for these sites is annexed to this document. The criteria used by the Council to evaluate these options are:

- 6.1 Economic development;
- 6.2 Social benefits;
- 6.3 Seismic strengthening;
- 6.4 Council resilience;
- 6.5 Improved efficiency of Council workplaces; and
- 6.6 Likely costs.

#### **The Town Hall**

- 7 The Town Hall is listed as a category one building with the Historic Places Trust. It forms one of the main buildings surrounding Civic Square. Accordingly, while the Town Hall is seismically prone, the Council has previously decided to retain it and to focus on strengthening it so as to preserve its significant status.
- 8 Of the options for the Town Hall outlined in the annexure, the Council favours option 4. This would see the Council leasing the Town Hall to a third party. A successful lease would then provide a trigger for the Council to proceed with the seismic strengthening work. Strengthening design and cost options will be updated and evaluated in the design-build tender process. Council will approve the design strength and costs of the proposed solution before implementation. The tenant would be responsible for the fit out costs.
- 9 The Council has had preliminary discussions regarding a possible lease with the New Zealand Symphony Orchestra, who would use the Town Hall as a national "home", and Victoria University of Wellington. A lease to a third party such as the NZSO and/or VUW would ensure that the building is occupied and contributing to the life of the Civic Precinct and the city more generally. It would also cover the Town Hall's future operating costs.
- 10 Negotiations with the future tenant of the Town Hall will include provision for public access to the auditorium and Council chambers.
- 11 If the current lease discussions are unsuccessful then a further use and tenant would be sought for the Town Hall before committing to the strengthening project.

#### **The Municipal Office Building**

- 12 The MOB requires seismic strengthening to take it from being a potential earthquake risk to "good" under the National Building Standards. However, this work will be expensive. Additionally, the resulting building will provide the Council with more space than it requires. Currently, the Council operates within the Library Building, the CAB and the MOB. It would be more economically efficient to change this arrangement so that the Council operates within the Library Building and the CAB, and leases any additional space it requires from a third party. Accordingly, the Council proposes to dispose of the MOB through a long-term ground lease that controls the design and scale of any development. The developer would then be responsible for undertaking the seismic strengthening.
- 13 Of the options for the MOB outlined in the annexure, the Council favours option 4. This will find a sustainable use for the MOB and would bring new activity into the Civic Precinct without the Council assuming the role of commercial property developer.

**The Michael Fowler Centre carpark**

- 14 The Council believes that from an urban design perspective, the MFC carpark is a poor use of valuable inner-city space. Additionally, its use as a carpark is economically inefficient.
- 15 Of the options for the MFC carpark outlined in the annexure, the Council favours option 3. This option would dispose of the carpark by way of a long-term ground lease that controls the design and scale of any new development. Doing this would assist with the funding required for seismic strengthening work elsewhere in the precinct. It would also help to revitalise the area by intensifying its use and increasing the daytime population close to Civic Square.

**Jack Illott Green**

- 16 Jack Illott Green is somewhat disconnected from Civic Square and is at the same level as a busy main road – Jervois Quay. It was originally intended for this space to be developed as part of the ring of buildings surrounding Civic Square. At present the site is not heavily used. Additionally, there are a number of alternative open spaces nearby (e.g. Frank Kitts Park, Civic Square).
- 17 Of the options for Jack Illott Green outlined in the annexure, the Council favours option 2. The Council believes that Jack Illott Green should be disposed of by way of a long-term ground lease that controls the design and scale of any development. The resulting development has the potential to revitalise the Civic Precinct and, in particular, to increase the use and enjoyment of Civic Square.
- 18 Capital E is adjacent to Jack Illott Green, is seismically prone and is to be included in the design brief for the potential development of Jack Illott Green.
- 19 The proceeds of any lease will assist in the seismic strengthening required elsewhere in the precinct.
- 20 Ground lease terms will be subject to specific negotiation, and are likely to lie within the range of 25 to 125 years.

**Proposals to transfer ownership or control of a strategic asset**

- 21 The accountability and monitoring arrangements for the proposals to dispose of the MFC carpark, MOB and Jack Illott Green and potentially Capital E include the need for further specific Council decisions regarding each long term lease (including the Council's endorsement of the disposal process) and the Council's intention to control the design and scale of any development on the sites.
- 22 Request for Proposal documents prepared by Council will include a design brief for each site providing guidance to developers on appropriate building envelopes and levels of public interface. All recommended proposals will be approved by Council.
- 23 No conflicts of interest have been identified.

**Financial Summary**

- 24 The financials for the Civic Precinct proposal are indicative numbers based on current assumptions, and advice provided by sector experts. As work on the programme progresses, an increased certainty around assumptions will occur, which may result in changes to our financial expectations.
- 25 Overall the indicative capital programme for the Civic Precinct proposal is \$100m in the 2015 to 2025 Long Term Plan. The table below shows the make-up of this funding:

<b><u>Civic Precinct Capital Programme</u></b>	<b>15/16 to 24/25</b>	
	<b>(\$m)</b>	<b>Notes</b>
<b><u>Earthquake Strengthening</u></b>		
Town Hall	\$58.5	A
Central Library	\$10.5	
Civic Administration Building (CAB)	\$ 6.3	
<b>Earthquake Strengthening Total</b>	<b>\$75.2</b>	
<b><u>Resilience &amp; Efficiencies</u></b>		
Separation of Services	\$ 3.5	B
Workplace Efficiency	\$10.6	C
<b>Resilience &amp; Efficiencies Total</b>	<b>\$14.1</b>	
<b>Civic Square Public Space Improvements</b>	<b>\$10.7</b>	D
<b>Central Library Modernisation</b>	<b>\$ 0.0</b>	E
<b>Total Capex Requirement</b>	<b>\$100.0</b>	

Notes to the capital table:

- A. The capital amount shown is the current estimate of required spend in the 2015/16 to 2024/25 Long Term Plan period to achieve seismic strengthening to 77% of NBS. It excludes any costs either incurred or expected to be incurred up until the end of 30 June 2015.

- B. Across the Civic Precinct the essential building services such as electrical, telecommunications, emergency power generation, boilers, chillers and water services are integrated within the structures and shared across the buildings. Separating these services will provide a much greater level of resilience and provide for any change in use or occupancy of the buildings as a result of the Civic Precinct project. The overall cost estimate to provide bespoke services to each building is \$3.5m.
- C. To improve workplace efficiency our current plan assumes a reduction in floor space requirements, resulting in the MOB becoming surplus to requirements. The estimated cost of this workplace redesign and modernisation is \$10.6m.
- D. The Civic Square public space improvements have been included at a high level to occur alongside other development projects on the precinct.
- E. While no capital budget has been included in the Civic Precinct programme consideration for the alignment of the modernisation of the Central Library operations, this work along with the earthquake strengthening of the Central Library, must be considered. Therefore it is anticipated that planning works on library modernisation will be completed in 2015/16.

Content for Council approval 5 March 2015

26 Overall the indicative borrowings impact of the Civic Precinct proposal is \$77.6m. The table below shows the make-up of this movement in borrowings:

<b><u>Civic Precinct Borrowings Impact</u></b>	<b>15/16 to 24/25</b>	
	<b>(\$m)</b>	<b>Notes</b>
<b>Total Capex Requirement</b>	<b>\$100.0</b>	
<i>Less: Indicative Long Term Lease Sales</i>	\$ 20.6	A
<i>Less: External Capital Funding</i>	\$ 1.8	B
<b>Total Borrowings Impact</b>	<b>\$ 77.6</b>	

Notes to the borrowings table:

- A. The value included for long term leases is based on initial market assessments for the Michael Fowler Centre carpark, the Jack Illot Green and the Municipal Office Building.
- B. External funding relates to secured and potential lotteries funding relating to works to be completed on the Town Hall.

27. The proceeds of the long term leases would be used to reduce debt, and as such it has been estimated that this reduces the interest cost to Council across the LTP by \$9.3m. Across 30 years the anticipated interest savings is \$36m.

28. To complete the Civic Precinct programme of works, one off operational costs, which are funded by rates, are expected to be incurred. The table below details these costs:

<b><u>One-off Operational Expenditure</u></b>	<b>15/16 to 24/25</b>	
	<b>(\$m)</b>	<b>Notes</b>
<b>Civic Precinct Project Opex</b>		
Separation of Titles	\$0.1	
Relocation Costs	\$0.5	
Rental Costs	\$3.7	A
<b>Total Civic Precinct Project Opex</b>	<b>\$4.3</b>	B

Notes to the operating table:

- A. Rental costs are required for the displacement of staff during earthquake strengthening.
- B. These costs are spread across the first three years of the long term plan (2015/16 to 2017/18) in line with the work programme.

29. The net impact on rates will fluctuate during the seven years as the project is staged. The impact on rates funding at the completion of the project in 2022/23 (when the full impact of depreciation occurs) is shown in the table below:

<b>Ongoing Annual Rates Impact</b>		
Lease income and opex reductions	<b>-\$0.5</b>	
Depreciation & Interest	<b>\$6.8</b>	A
<b>Total Rates Implication</b>	<b>\$6.3</b>	
<b>Less: Rates paid by new development on leased sites</b>	<b>-\$1.8</b>	B
<b>Total Additional Impact on Existing Rate Payer Base</b>	<b>\$4.5</b>	C

Notes to the operating table:

- A. The depreciation and interest impact of the capital developments in the Civic Precinct project peak in 2022/23 at \$6.8m. This cost would gradually reduce overtime as debt incurred by the project is repaid.
- B. Developments on the MFC car park and Jack Illot Green would result in new ratepayers (adding to the rating base). Once completed it is estimated the annual reduced rates burden on existing rate payers would be approximately \$1.8m.
- C. Note this is an indicative ongoing cost that continues beyond the 10 years of the Long Term Plan.

Options considered for the Town Hall

Options considered	Economic development	Social benefits	Seismic strength	Council resilience	Improved efficiency of Council workplaces	Likely cost	Other considerations
<b>Option 1</b> – Demolition of the Town Hall with complete removal	Temporary loss of the ability to generate revenue from the building and the site.	Demolishing a heritage building that is central to Wellington’s history is likely to create a significant negative public perception. Wellington would lose a world class auditorium.	Eliminates seismic risk.			Low. Estimated at \$11m.	The Town Hall’s heritage status means it is highly unlikely that the required consents would be obtainable.
<b>Option 2</b> – Maintaining the façade only and replacing all internal features	The design costs and economic consequences have not been fully developed as this is an unlikely option for the Council to take.	Risk that the public will see maintaining the façade as merely a token step. Loss of the heritage and acoustic values of other parts of the building such as the organ and the auditorium.	It is likely that strengthening would still be required for the façade.			Would depend on whether this work would be done by the Council or a developer. Likely to be expensive for the Council, and unclear whether a developer would be interested.	
<b>Option 3</b> – Seismic strengthening to the minimum acceptable NBS for the building to be used			Seismic codes are likely to change over time. If this is the case, further strengthening may be required.	Presents greater risks than the alternatives listed below.		Risk of further cost and disruption if additional strengthening is required in the future.	
<b>Option 4</b> – Seismic strengthening to 77% NBS and leasing the Town Hall to a third party	Leasing the Town Hall will generate revenue and assist with its operating costs.	Retains the heritage value of the building. It also protects the auditorium, which has an acoustic rating that places it amongst the top ten internationally. More generally, a tenant such as the NZSO, and the ability of the Town Hall to act as a concert venue, supports the creative arts and the culture of Wellington.	Ensures the building can be used and decreases the risk presented by a natural disaster.			Projected cost of \$60m.	<b>Risk:</b> negotiations with NZSO and VUW fail  <b>Impact:</b> further delay of the start of strengthening while new use and tenant sought. Increases risk of over-running the deadline of 2019 for strengthening.

Options considered	Economic development	Social benefits	Seismic strength	Council resilience	Improved efficiency of Council workplaces	Likely cost	Other considerations
<b>Option 5</b> – Seismic strengthening to 77% NBS and retaining Council possession	Inability to generate revenue. Likely to be underutilised given the availability of the proposed convention centre as a new venue for events.				Likely to leave the Council with more space than it requires.		
<b>Option 6</b> – Seismic strengthening to 100% NBS (and then either retained or leased)		May be perceived as being the "right" thing to do.	May set a positive precedent for other seismic projects in the city.	Provides greater security for the Council.		Estimated cost of \$63.5m.	

**Options considered for the Municipal Office Building**

Options considered	Economic development	Social benefits	Seismic strength	Council resilience	Improved efficiency of Council workplaces	Likely cost	Other considerations
<b>Option 1</b> – Leave the building ‘as is’ and postpone any decision regarding seismic re-strengthening	Inhibits the ability of the Council to generate any revenue from the site. It would also risk inhibiting economic development and growth for the city more generally.	Prevents the site from contributing to the revitalisation of the Civic Precinct.	Presents a risk in the event of a natural disaster. It also fails to show leadership on seismic issues.		Retains flexibility for the site, including the ability to utilise it in the event of local authority amalgamation.	No cost.	
<b>Option 2</b> – Strengthen the building and then occupy or lease the excess space	Leasing excess space may provide some economic benefits, but this is likely to be significantly less than the strengthening costs. Ultimately this would be a large investment in what is currently a relatively low value building. It would be less expensive for the Council to lease any additional space needed from elsewhere.	Risk of under-utilisation of Civic Square.	Shows leadership on addressing seismic issues. Decreases the risk presented by a natural disaster.	Would ensure the building could be used in the event of a natural disaster.	Retains some flexibility for the site, including in the event of local authority amalgamation.	Strengthening is likely to cost \$12m.	



Options considered	Economic development	Social benefits	Seismic strength	Council resilience	Improved efficiency of Council workplaces	Likely cost	Other considerations
<b>Option 3</b> – Develop the building as a commercial site	The Council would need to fund the development and assume the risk of being a property developer, which is a role it is not suited to.	May encourage development elsewhere in the precinct, however this could also be achieved through a commercial development.	Shows leadership on addressing seismic issues. Decreases the risk presented by a natural disaster.		The Council retains complete control over how the site is developed, including flexibility to include office space for Council staff.	Strengthening is likely to cost \$12m.	
<b>Option 4</b> – Dispose of the site through a long-term ground lease	Enables the Council to realise money that can be used to fund seismic strengthening work within the Civic Precinct. The MOB has a book value of \$5.44m.	Likely to revitalise the site, which in turn will have an effect on the precinct.	Decreases the risk presented by a natural disaster. Removes the Council's earthquake strengthening liability.		Ensures that the building remains available to the Council during the construction phases for the CAB and the Library Building.	The costs of any development, including seismic strengthening, would be met by a private developer.	The Council would maintain control over the design and scale of any development.

**Options considered for the Michael Fowler Centre carpark**

Options considered	Economic development	Social benefits	Seismic strength	Council resilience	Improved efficiency of Council workplaces	Likely cost	Other considerations
<b>Option 1</b> – Retain the site as a carpark	Presents a risk that future use of the site will not materialise.	No loss of public parking spaces. However, the site will not contribute to the revitalisation of the Civic Precinct or the life of Civic Square.			Provides flexibility for creating office space for Council staff, but it is unlikely this will ever be economically desirable.	No cost.	
<b>Option 2</b> – Develop as a commercial site	The Council would need to fund the development and assume the risk of being a property developer, which is a role it is not suited to.	May encourage development elsewhere in the precinct, however this could also be achieved through a commercial development.			The Council retains complete control over how the site is developed, including flexibility to include office space for Council staff.	Likely to involve significant costs.	
<b>Option 3</b> – Dispose of the site through a long-term ground lease	Enables the Council to realise money that can be used to fund seismic strengthening work within the Civic Precinct. The potential sale value is estimated to be \$6.5m to \$8.5m	Likely to revitalise the site, which in turn will have an effect on the precinct.				The costs of any development, including seismic strengthening, would be met by a private developer.	The Council would maintain control over the design and scale of any development.

Options considered for Jack Ilott Green

Options considered	Economic development	Social benefits	Seismic strength	Council resilience	Improved efficiency of Council workplaces	Likely cost	Other considerations
<b>Option 1</b> – Keep the site as an open space or develop it further as an open space	Inhibits the ability of the Council to generate any revenue from the site.	While this has always had a level of support, there is already a reasonably significant amount of open space nearby (Frank Kitts Park, Civic Square, the Lagoon and surrounding areas, Waitangi Park). Additionally, the quality of this area as a public space is questionable given its proximity to Jervois Quay. This is reflected by the fact that it is not currently used to a great extent.			Retains flexibility for the site, including the ability to utilise it in the event of local authority amalgamation.	No cost.	
<b>Option 2</b> – Sell or lease the site for the private development of a building to generate activity	The site is viewed as hugely attractive, as evidenced by the number of proposals that have been put up for it.	The introduction of a new building into the precinct is likely to stimulate greater use of Civic Square and the area more generally.			Revenue generated from any lease would be put towards the seismic strengthening projects in the precinct.	Any costs of a new development would be met by a private developer.	A design guide for the site will provide a good level of assurance that whatever is placed on the site will conform to the design values of the precinct more generally.
<b>Option 3</b> – Develop the site with the Council as a key stakeholder, as in the School of Music proposal	Decreased ability to generate revenue from the site. The delay associated with this may mean there is the potential for nothing to happen with the site.	Ensures greater use of Civic Square and the area more generally. It may also support Wellington's development as a cultural centre.				Far greater costs for the Council as it would have to contribute to the development of the site.	