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**ORDINARY MEETING**

**OF**

**WELLINGTON CITY COUNCIL**

**AGENDA**

Time: 05:30pm  
Date: Wednesday, 23 March 2016  
Venue: Committee Room 1  
Ground Floor, Council Offices  
101 Wakefield Street  
Wellington

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**MEMBERSHIP**

Mayor Wade-Brown  
Councillor Ahipene-Mercer  
Councillor Coughlan  
Councillor Eagle  
Councillor Foster  
Councillor Free  
Councillor Lee  
Councillor Lester  
Councillor Marsh  
Councillor Pannett  
Councillor Peck  
Councillor Ritchie  
Councillor Sparrow  
Councillor Woolf  
Councillor Young

**Have your say!**

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

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**TABLE OF CONTENTS**  
**23 MARCH 2016**

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| <b>Business</b>  | <b>Page No.</b> |
|--|-----------------|
| <b>1. Meeting Conduct</b>  | <b>5</b>        |
| <b>1.1 Apologies</b>   | <b>5</b>        |
| <b>1.2 Announcements by the Mayor</b>  | <b>5</b>        |
| <b>1.3 APW Awards</b>  | <b>5</b>        |
| <b>1.4 Conflict of Interest Declarations</b>   | <b>5</b>        |
| <b>1.5 Confirmation of Minutes</b>   | <b>5</b>        |
| <b>1.6 Items not on the Agenda</b>   | <b>5</b>        |
| <b>1.7 Public Participation</b>  | <b>5</b>        |
| <b>2. General Business</b>   | <b>7</b>        |
| <b>2.1 2016-17 Annual Plan Supporting Information and Consultation Document</b><br>Presented by Mayor Wade-Brown | <b>7</b>        |
| <b>2.2 Wellington Porirua merger option</b><br>Presented by Mayor Wade-Brown                                     | <b>299</b>      |

---

|   |            |
|---|------------|
| <b>3. Committee Reports</b>   | <b>307</b> |
| <b>3.1 Report of the Governance, Finance and Planning Committee Meeting of 9 March 2016</b> | <b>307</b> |
| Presented by Mayor Wade-Brown and Councillor Lester   |            |
| <b>3.2 Report of the Community, Sport and Recreation Committee Meeting of 3 March 2016</b>  | <b>319</b> |
| Presented by Councillor Eagle   |            |
| <b>3.3 Report of the Transport and Urban Development Committee Meeting of 16 March 2016</b> | <b>321</b> |
| Presented by Councillor Foster  |            |
| <b>3.4 Report of the Economic Growth and Arts Committee Meeting of 15 March 2016</b>        | <b>323</b> |
| Presented by Councillor Coughlan  |            |
| <b>3.5 Report of the Regulatory Processes Committee Meeting of 17 March 2016</b>            | <b>325</b> |
| Presented by Councillor Ahipene-Mercer  |            |

## Questions

### 4. Public Excluded

Nil

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## 1 Meeting Conduct

### 1.1 Apologies

The Chairperson invites notice from members of:

1. Leave of absence for future meetings of the Wellington City Council; or
2. Apologies, including apologies for lateness and early departure from the meeting, where leave of absence has not previously been granted.

### 1.2 Announcements by the Mayor

### 1.3 APW Awards

### 1.4 Conflict of Interest Declarations

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

### 1.5 Confirmation of Minutes

The minutes of the meeting held on 9 March 2016 will be put to the Council for confirmation.

### 1.6 Items not on the Agenda

The Chairperson will give notice of items not on the agenda as follows:

#### ***Matters Requiring Urgent Attention as Determined by Resolution of the Wellington City Council***

1. The reason why the item is not on the agenda; and
2. The reason why discussion of the item cannot be delayed until a subsequent meeting.

#### ***Minor Matters relating to the General Business of the Wellington City Council***

No resolution, decision, or recommendation may be made in respect of the item except to refer it to a subsequent meeting of the Wellington City Council for further discussion.

### 1.7 Public Participation

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



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## 2. General Business

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# 2016-17 ANNUAL PLAN SUPPORTING INFORMATION AND CONSULTATION DOCUMENT

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### Purpose

1. The purpose of this report is to agree the supporting information that will provide further information to this Consultation Document (CD) and adopt the Annual Plan 2016/17 Consultation Document .

### Summary

2. At its meeting of 9<sup>th</sup> March the Governance, Finance and Planning Committee resolved to recommend to Council a set of programme and projects budgets and an outline of the Consultation Document for the 2016/17 Annual Plan.
3. At the subsequent Council meeting the Council formally resolved that these project and programmes and associated budgets would form the basis for the Consultation Document for the 2016/17 Annual Plan.
4. The *Annual Plan 2016/17 Consultation Document* (CD) has now been finalised to reflect the earlier decisions of the Governance, Finance and Planning Committee and Council.
5. This document serves to facilitate consultation with the public about what is planned for the 2016/17 year compared to that which was forecast in the 2015-25 Long-term Plan.
6. In addition to the Consultation Document itself, the attachments to this report provide supplementary information to help inform the public about the content and impacts of the proposed changes outlined in the CD. This information will be readily accessible through the Councils website and forms part of the consultation material.

### Recommendations

That the Council:

1. Receive the information.
2. Note the projects and programmes and associated budgets to form the Consultation Document for the 2016/17 Annual Plan were agreed by Council at its meeting of 10<sup>th</sup> March 2016.
3. Agree to adopt the 'supporting information' to be consulted alongside the Annual Plan 2016/17 Consultation Document as listed below.
  - a) Prospective Financial Statements and Statements of Significant Accounting Policies (as attached to this report)
  - b) Funding Impact Statements (as attached to this report)
  - c) Financial Reporting and Prudence Annual Plan Disclosure Statement (as attached to this report)
  - d) Food Act Fees Statement of Proposal (as attached to this report)
  - e) Proposed fees and charges (as attached as attached to this report)

- f) Service Statements provisions (as attached to this report)
  - g) Urban Development Agency proposal (as attached to this report)
  - h) Draft Low Carbon Capital plan (as attached to this report)
  - i) Zealandia and Karori Sanctuary Trust
4. Agree to adopt the 2016/17 Annual Plan Consultation Document for public consultation as required under Sections 82A(3) and 95A of the Local Government Act 2002.
5. Delegate to the Chief Executive the authority to make any minor editorial changes to the 2016/17 Annual Plan Consultation Document.

## Discussion

7. Under s95 of the Local Government Act 2002 (LGA), the Council is required to prepare and adopt an Annual Plan for each financial year. It is also now the statutory role of the Mayor to lead the development of the Council's policies and plans, including the Annual Plan<sup>1</sup>.
8. Annual Plans give effect to Long-term Plans in that they identify in detail the activity to be undertaken by Council and identify how expenditure will be funded in any given year. A summary of what is to occur in each of the 3 years of a local government planning cycle is provided in each LTP. Under recent legislative changes, any proposed variations to the activities and budgets contained in the relevant LTP require explanation and justification in a consultation document which is the basis for engagement with Council's stakeholders on an Annual Plan. It is therefore not a draft Annual Plan that Council is required to consult stakeholders on, as occurred previously, but a consultation document on changes.
9. Council is required to consult those in the community "who will or may be affected by, or have an interest in" the Annual Plan before the Plan is adopted, if the proposed Plan includes "significant or material differences from the content of the LTP for the financial year to which the proposed annual plan relates". This Consultation Document highlights the 6 key proposals for change we want to bring to attention and to get feedback. These issues have been identified as either significant and/or material in nature and are different from what was proposed in the 2015-25 LTP.

## Next Actions

10. N/a.

## Attachments

|               |  |          |
|---------------|--|----------|
| Attachment 1. | Prospective Financial Statements and Statements of Significant Accounting Policies | Page 11  |
| Attachment 2. | Funding Impact Statements  | Page 33  |
| Attachment 3. | Financial Reporting and Prudence Annual Plan Disclosure Statements                 | Page 65  |
| Attachment 4. | Food Act fees Statement of proposal  | Page 70  |
| Attachment 5. | 2016/17 Proposed Fees and User Charges   | Page 76  |
| Attachment 6. | 2016-17 Annual Plan Statements of Service Provisions                               | Page 84  |
| Attachment 7. | Statement of Proposal for Urban Development Agency                                 | Page 138 |

<sup>1</sup> See s41A(2) of the Local Government Act 2002

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|                |  |          |
|----------------|--|----------|
| Attachment 8.  | Urban Development Agency Consultation Brochure                 | Page 184 |
| Attachment 9.  | Statement of Proposal for Low Carbon Capital Plan              | Page 196 |
| Attachment 10. | Statement of Proposal for Zealandia and Karori Sanctuary Trust | Page 243 |
| Attachment 11. | 2016-17 Annual Plan Glossary                                   | Page 253 |
| Attachment 12. | Draft 2016-17 Annual Plan Consultation Document                | Page 258 |

|            |  |
|------------|--|
| Authors    | Brendan Eckert, Team Leader Financial Planning<br>Martin Read, Manager Financial Strategy and Planning |
| Authoriser | Andy Matthews, Chief Financial Officer   |

## **SUPPORTING INFORMATION**

### **Consultation and Engagement**

Subject to Council approval, the variances proposed and decisions made on this report will be consulted on with the community through the 2016/17 Annual Plan consultation process

### **Treaty of Waitangi considerations**

Targeted consultation will be undertaken with Iwi as part of the 2016/17 Annual Plan consultation process using existing relationship channels

### **Financial implications**

This report discusses the financial proposals for the 2016/17 Annual Plan. These include the resulting financial forecasts in the AP and therefore decisions made on these documents will result in the operational and capital expenditure forecasts. The impact of these decisions and recommendations of this report are significant.

### **Policy and legislative implications**

This report meets all statutory requirements under the Local Government Act 2002, and is consistent with Council policy. Specific changes to Council policies recommended within the report will be consulted upon as part of the 2016/17 Annual Plan consultation process

### **Risks / legal**

This report meets all statutory requirements under the Local Government Act 2002

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

Implications of climate change have been considered in relation to the 2016/17 Annual Plan, and therefore funding implications as related to the funding policies

### **Communications Plan**

Communication will be through the 2016/17 Annual Plan consultation process

**PROSPECTIVE STATEMENT OF COMPREHENSIVE  
REVENUE AND EXPENSE**

|   | 2015-25<br>LTP Yr 1 | 2015-25<br>LTP Yr 1<br>Amended | 2016/17<br>AP  | Variance<br>to Amended<br>LTP | Notes    |
|---|---------------------|--------------------------------|----------------|-------------------------------|----------|
|   | \$000               | \$000                          | \$001          | \$000                         |          |
| <b>INCOME</b>   |                     |                                |                |                               |          |
| Revenue from rates  | 270,907             | 270,907                        | 284,650        | 13,743                        |          |
| Revenue from development contributions                    | 2,000               | 2,000                          | 2,000          | -                             |          |
| Revenue from grants, subsidies and reimbursements         | 42,511              | 42,511                         | 45,214         | 2,703                         | 1        |
| Revenue from operating activities                         | 121,287             | 121,287                        | 122,510        | 1,223                         | 1        |
| Investments   | 20,135              | 20,135                         | 20,247         | 112                           |          |
| Fair value movement on investment property revaluation    | 3,665               | 3,665                          | 3,989          | 324                           |          |
| Other revenue   | 1,050               | 1,050                          | 810            | (240)                         |          |
| Finance revenue   | 637                 | 637                            | 650            | 13                            |          |
| <b>TOTAL INCOME</b>                                       | <b>462,192</b>      | <b>462,192</b>                 | <b>480,070</b> | <b>17,878</b>                 |          |
| <b>EXPENSE</b>  |                     |                                |                |                               |          |
| Finance expense   | 22,961              | 22,961                         | 26,281         | 3,320                         | 2        |
| Expenditure on operating activities                       | 316,333             | 316,330                        | 334,720        | 18,390                        | 3        |
| Depreciation and amortisation                             | 99,797              | 99,797                         | 103,471        | 3,674                         |          |
| <b>TOTAL EXPENSE</b>                                      | <b>439,091</b>      | <b>439,088</b>                 | <b>464,472</b> | <b>25,384</b>                 |          |
| <b>NET SURPLUS FOR THE YEAR</b>                           | <b>23,101</b>       | <b>23,104</b>                  | <b>15,598</b>  | <b>(7,506)</b>                | <b>4</b> |
| <b>OTHER COMPREHENSIVE INCOME</b>                         |                     |                                |                |                               |          |
| Fair value movement - property, plant and equipment - net | -                   | -                              | -              | -                             |          |
| Share of equity accounted surplus from associates         | -                   | -                              | -              | -                             |          |
| <b>TOTAL OTHER COMPREHENSIVE INCOME</b>                   | <b>-</b>            | <b>-</b>                       | <b>-</b>       | <b>-</b>                      |          |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>            | <b>23,101</b>       | <b>23,104</b>                  | <b>15,598</b>  | <b>(7,506)</b>                |          |

**PROSPECTIVE STATEMENT OF COMPREHENSIVE  
REVENUE AND EXPENSE**

Notes:

1. Details of specific changes to revenue from activities can be found in the Funding Impact Statements.
2. Additional interest costs due to funding of proposed Movie Museum and Convention Centre.
3. Details of specific changes to operational costs can be found in the Funding Impact Statements.

| 4. EXPLANATION OF NET OPERATING SURPLUS                      | 2016/17         |
|--|-----------------|
|  | AP              |
|  | \$000           |
| <b>EXPENDITURE NOT FUNDED UNDER SECTION 100 OF LGA</b>       |                 |
| NZTA Transport funded projects                               | (7,597)         |
| General  | (162)           |
| Clearwater sewerage treatment plant                          | (3,040)         |
| Decommissioned Living Earth joint venture plant              | (201)           |
| Wellington Waterfront Limited Depreciation                   | (3,445)         |
| <b>TOTAL EXPENDITURE NOT FUNDED UNDER SECTION 100 OF LGA</b> | <b>(14,445)</b> |
| <b>REVENUE RECEIVED FOR CAPITAL PURPOSES</b>                 |                 |
| NZTA capital funding   | 17,710          |
| Housing capital grant and ring-fenced surplus                | (6,187)         |
| Housing capital grant and ring-fenced                        | 18,082          |
| Development contributions                                    | 2,000           |
| Bequests, trust and other external funding                   | 0               |
| <b>TOTAL REVENUE RECEIVED FOR CAPITAL PURPOSES</b>           | <b>31,605</b>   |
| <b>ITEMS FUNDED FROM PRIOR YEAR SURPLUSES</b>                |                 |
| Economic Development Fund                                    | (3,000)         |
| Weathertight Homes funding                                   | 7,227           |
| <b>TOTAL ITEMS FUNDED FROM PRIOR YEAR SURPLUS</b>            | <b>4,227</b>    |
| <b>ADDITIONAL ITEMS</b>                                      |                 |
| ICT Infrastructure project                                   | (3,835)         |
| Cable car  | (875)           |
| Westpac Stadium  | (4,575)         |
| Alex Moore Park  | (472)           |
| Odyssey-related  | 221             |
| Reserves purchase and development fund                       | (30)            |
| Roading  | (848)           |
| Unrealised fair value adjustment for loans and receivables   | 637             |
| Fair value movement on investment property revaluation       | 3,989           |
| <b>TOTAL ADDITIONAL ITEMS</b>                                | <b>(5,789)</b>  |
| <b>TOTAL SURPLUS</b>   | <b>15,598</b>   |

**PROSPECTIVE STATEMENT OF  
FINANCIAL POSITION**

|   | 2015-25<br>LTP Yr 1 | 2015-25<br>LTP Yr 1<br>Amended | 2016/17<br>AP    | Variance<br>to Amended<br>LTP<br>\$000 | Notes |
|---|---------------------|--------------------------------|------------------|--|-------|
|   | \$000               | \$000                          | \$000            | \$000                                  |       |
| <b>ASSETS</b>   |                     |                                |                  |  |       |
| <b>Current assets</b>                                 |                     |                                |                  |  |       |
| Cash and cash equivalents                             | 1,249               | 1,253                          | 2,420            | 1,167                                  |       |
| Derivative financial assets                           | -                   | -                              | -                | -                                      |       |
| Receivables and recoverables                          | 42,333              | 42,333                         | 42,990           |  |       |
| Prepayments   | 12,096              | 12,095                         | 13,468           | 1,373                                  |       |
| Inventories   | 888                 | 888                            | 906              | 18                                     |       |
| <b>Total current assets</b>                           | <b>56,566</b>       | <b>56,569</b>                  | <b>59,784</b>    | <b>2,558</b>                           |       |
| <b>Non-current assets</b>                             |                     |                                |                  |  |       |
| Derivative financial assets                           | -                   | -                              | -                | -                                      |       |
| Other financial assets                                | 10,473              | 10,473                         | 12,797           | 2,324                                  | 1     |
| Intangibles   | 28,936              | 28,936                         | 28,682           | (254)                                  |       |
| Investment properties                                 | 196,566             | 196,566                        | 213,931          | 17,365                                 | 2     |
| Property, plant & equipment                           | 6,674,860           | 6,696,360                      | 6,859,555        | 163,195                                | 3     |
| Investment in subsidiaries                            | 3,809               | 3,809                          | 5,071            | 1,262                                  |       |
| Investment in associates                              | 19,504              | 19,504                         | 19,465           | (39)                                   |       |
| <b>Total non-current assets</b>                       | <b>6,934,148</b>    | <b>6,955,648</b>               | <b>7,139,501</b> | <b>183,853</b>                         |       |
| <b>TOTAL ASSETS</b>                                   | <b>6,990,714</b>    | <b>7,012,217</b>               | <b>7,199,285</b> | <b>186,411</b>                         |       |
| <b>LIABILITIES</b>                                    |                     |                                |                  |  |       |
| <b>Current liabilities</b>                            |                     |                                |                  |  |       |
| Derivative financial liabilities                      | -                   | -                              | -                | -                                      |       |
| Trade and other payables                              | 59,122              | 59,122                         | 71,908           | 12,786                                 | 4     |
| Revenue in advance                                    | 33,496              | 33,496                         | 16,765           | (16,731)                               | 5     |
| Borrowings  | 219,789             | 231,141                        | 308,257          | 77,116                                 |       |
| Employee benefit liabilities and provisions           | 6,845               | 6,845                          | 7,117            | 272                                    |       |
| Provision for other liabilities                       | 11,790              | 11,790                         | 7,971            | (3,819)                                |       |
| <b>Total current liabilities</b>                      | <b>331,042</b>      | <b>342,394</b>                 | <b>412,018</b>   | <b>69,624</b>                          |       |
| <b>Non-current liabilities</b>                        |                     |                                |                  |  |       |
| Derivative financial liabilities                      | -                   | -                              | -                | -                                      |       |
| Trade and other payables                              | 630                 | 630                            | 630              | -                                      |       |
| Borrowings  | 196,474             | 206,622                        | 244,233          | 37,611                                 |       |
| Employee benefit liabilities                          | 1,708               | 1,708                          | 1,580            | (128)                                  |       |
| Provisions for other liabilities                      | 23,945              | 23,945                         | 18,231           | (5,714)                                | 6     |
| <b>Total non-current liabilities</b>                  | <b>222,757</b>      | <b>232,905</b>                 | <b>264,674</b>   | <b>31,769</b>                          |       |
| <b>TOTAL LIABILITIES</b>                              | <b>553,798</b>      | <b>575,298</b>                 | <b>676,692</b>   | <b>101,392</b>                         |       |
| <b>EQUITY</b>   |                     |                                |                  |  |       |
| Accumulated funds and retained earnings               | 4,994,681           | 4,994,684                      | 5,018,829        | 24,145                                 |       |
| Revaluation reserves                                  | 1,429,106           | 1,429,106                      | 1,489,442        | 60,336                                 | 7     |
| Hedging reserve                                       | 137                 | 137                            | -                | (137)                                  |       |
| Fair value through other comprehensive income reserve | 63                  | 63                             | 106              | 43                                     |       |
| Restricted funds                                      | 12,928              | 12,928                         | 14,216           | 1,288                                  |       |
| <b>TOTAL EQUITY</b>                                   | <b>6,436,915</b>    | <b>6,436,918</b>               | <b>6,522,593</b> | <b>85,675</b>                          |       |
| <b>TOTAL EQUITY AND LIABILITIES</b>                   | <b>6,990,714</b>    | <b>7,012,216</b>               | <b>7,199,285</b> | <b>187,067</b>                         |       |

**PROSPECTIVE STATEMENT OF  
FINANCIAL POSITION**

Notes:

1. Projected increase in New Zealand Local Government Funding Agency borrower notes,
2. The investment property revaluation estimated for prior periods was less than the actual, in addition there is the expected movement in investment property revaluation for the 2016/17 year.
3. Budgeted increase in capital expenditure spend for the 2016/17 year less depreciation. More information can be found in the individual Funding Impact Statements.
4. Increased spend expected in 2016/17 has resulted in a higher than 2015/16 forecast level of trade payables.
5. Movement in revenue in advance for the Housing Upgrade Project.
6. Movement in weatertight homes provision
7. Variance between estimated revaluation movement for prior periods and the actual and expected revaluation movement from 2016/17.

**PROSPECTIVE STATEMENT OF CHANGES IN EQUITY**

|  | 2015-25<br>LTP Yr 1 | 2015-25<br>LTP Yr 1<br>Amended | 2016/17<br>AP    | Variance<br>to Amended<br>LTP | Notes |
|--|---------------------|--------------------------------|------------------|-------------------------------|-------|
|  | \$000               | \$000                          | \$001            | \$000                         |       |
| <b>EQUITY - OPENING BALANCES</b>                           |                     |                                |                  |                               |       |
| Accumulated funds and retained earnings                    | 4,972,119           | 4,972,119                      | 5,003,784        | 31,665                        |       |
| Revaluation reserves                                       | 1,429,106           | 1,429,106                      | 1,383,201        | (45,905)                      |       |
| Hedging reserve  | 137                 | 137                            | -                | (137)                         |       |
| Fair value through other comprehensive income reserve      | 63                  | 63                             | 106              | 43                            |       |
| Restricted funds   | 12,389              | 12,389                         | 13,663           | 1,274                         |       |
| <b>TOTAL EQUITY - Opening balance</b>                      | <b>6,413,814</b>    | <b>6,413,814</b>               | <b>6,400,754</b> | <b>(13,060)</b>               |       |
| <b>CHANGES IN EQUITY</b>                                   |                     |                                |                  |                               |       |
| <b>Retained earnings</b>                                   |                     |                                |                  |                               |       |
| Net surplus for the year                                   | 23,101              | 23,104                         | 15,598           | (7,506)                       |       |
| Transfer to restricted funds                               | (4,518)             | (4,518)                        | (4,533)          | (15)                          |       |
| Transfer from restricted funds                             | 3,979               | 3,979                          | 3,980            | 1                             |       |
| <b>Hedging reserve</b>                                     |                     |                                |                  |                               |       |
| Share of other comprehensive income                        | -                   | -                              | -                | -                             |       |
| <b>Restricted Funds</b>                                    |                     |                                |                  |                               |       |
| Transfer to retained earnings                              | (3,979)             | (3,979)                        | (3,980)          | (1)                           |       |
| Transfer from retained earnings                            | 4,518               | 4,518                          | 4,533            | 15                            |       |
| <b>TOTAL COMPREHENSIVE INCOME</b>                          | <b>23,101</b>       | <b>23,104</b>                  | <b>15,598</b>    | <b>(7,506)</b>                |       |
| <b>EQUITY - CLOSING BALANCES</b>                           |                     |                                |                  |                               |       |
| Accumulated funds and retained earnings                    | 4,994,681           | 4,994,684                      | 5,018,829        | 24,145                        |       |
| Revaluation reserves                                       | 1,429,106           | 1,429,106                      | 1,489,442        | 60,336                        |       |
| Fair value through other comprehensive revenue and expense | 137                 | 137                            | 0                | (137)                         |       |
| Restricted funds   | 63                  | 63                             | 106              | 43                            |       |
| Hedging reserve  | 12,928              | 12,928                         | 14,216           | 1,288                         |       |
| <b>TOTAL EQUITY - Closing balance</b>                      | <b>6,436,915</b>    | <b>6,436,918</b>               | <b>6,522,593</b> | <b>85,675</b>                 |       |

**PROSPECTIVE STATEMENT OF CASH FLOWS**

|   | 2015-25<br>LTP Yr 1 | 2015-25<br>LTP Yr 1<br>Amended | 2016/17<br>AP    | Variance<br>to Amended<br>LTP | Notes |
|---|---------------------|--------------------------------|------------------|-------------------------------|-------|
|   | \$000               | \$000                          | \$001            | \$000                         |       |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>               |                     |                                |                  |                               |       |
| Receipts from rates - Council                             | 259,728             | 259,728                        | 293,194          | 33,466                        |       |
| Receipts from rates - Greater Wellington Regional Council | 53,018              | 53,018                         | 56,946           | 3,928                         | 1     |
| Receipts from activities and other income                 | 136,363             | 136,363                        | 100,425          | (35,938)                      | 2     |
| Receipts from grants and subsidies - operating            | 36,026              | 36,026                         | 35,792           | (234)                         |       |
| Receipts from grants and subsidies - capital              | 6,485               | 6,485                          | 9,422            | 2,937                         |       |
| Receipts from investment property lease rentals           | 9,135               | 9,135                          | 9,135            | -                             |       |
| Cash paid to suppliers and employees                      | (294,178)           | (294,174)                      | (292,702)        | 1,472                         |       |
| Rates paid to Greater Wellington Regional Council         | (53,018)            | (53,018)                       | (56,946)         | (3,928)                       | 1     |
| Grants paid   | (35,583)            | (35,583)                       | (42,292)         | (6,709)                       |       |
| <b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>           | <b>117,976</b>      | <b>117,980</b>                 | <b>112,974</b>   | <b>(5,006)</b>                |       |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>               |                     |                                |                  |                               |       |
| Dividends received  | 11,000              | 11,000                         | 11,112           | 112                           |       |
| Interest received   | 637                 | 637                            | 650              | 13                            |       |
| Proceeds from sale of property, plant and equipment       | 2,650               | 2,650                          | 4,600            | 1,950                         |       |
| Purchase of Intangibles                                   | (11,195)            | (11,195)                       | (5,578)          | 5,617                         | 3     |
| Purchase of property, plant and equipment                 | (146,857)           | (168,357)                      | (256,316)        | (87,959)                      |       |
| <b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>           | <b>(143,765)</b>    | <b>(165,265)</b>               | <b>(245,532)</b> | <b>(80,267)</b>               |       |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>               |                     |                                |                  |                               |       |
| New borrowings  | 239,327             | 260,827                        | 363,037          | 102,210                       |       |
| Repayment of borrowings                                   | (197,932)           | (197,932)                      | (239,117)        | (41,185)                      |       |
| Interest paid on borrowings                               | (22,763)            | (22,763)                       | (28,197)         | (5,434)                       |       |
| <b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>           | <b>18,632</b>       | <b>40,132</b>                  | <b>95,723</b>    | <b>55,591</b>                 |       |
| Net increase/(decrease) in cash and cash equivalents      | (7,157)             | (7,153)                        | (36,835)         | (29,682)                      |       |
| Cash and cash equivalents at beginning of year            | 8,406               | 8,406                          | 39,255           | 30,849                        |       |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>           | <b>1,249</b>        | <b>1,253</b>                   | <b>2,420</b>     | <b>1,167</b>                  |       |

**Notes:**

1. Wellington City Council collects rates on behalf of GWRC.
2. Decrease in income from activities is detailed in the Funding Impact Statements by Activity.
3. Decrease in budgeted spend on information technology-related items in 2016/17.

**PROSPECTIVE STATEMENT OF CHANGES IN RESTRICTED FUNDS**

|   | OPENING<br>BALANCE<br>2016/17<br>\$000 | DEPOSITS<br>\$000 | EXPENDITURE<br>\$000 | CLOSING<br>BALANCE<br>2016/17<br>\$000 | Purpose   |
|---|--|-------------------|----------------------|--|---|
| <b>SPECIAL RESERVES AND FUNDS</b>       |  |                   |                      |  |   |
| Reserve purchase and development fund   | 999                                    | 0                 | 0                    | 999                                    | Used to purchase and develop reserve areas within the city.   |
| Economic initiatives development fund   | 2,976                                  | 3,015             | (3,015)              | 2,976                                  |   |
| Insurance reserve                       | 9,277                                  | 1,500             | (950)                | 9,827                                  | Allows the Council to meet the uninsured portion of insurance claims  |
| <b>Total special reserves and funds</b> | <b>13,252</b>                          | <b>4,515</b>      | <b>(3,965)</b>       | <b>13,802</b>                          |   |
| <b>TRUSTS AND BEQUESTS</b>              |  |                   |                      |  |   |
| A Graham Trust                          | 3                                      | -                 | -                    | 3                                      | For the upkeep of a specific area of Karori Cemetery  |
| A W Newton Bequest                      | 319                                    | 16                | (15)                 | 320                                    | For the benefit of art (Fine Arts Wellington), education (technical and other night schools) and athletics (rowing) |
| E A McMillan Estate                     | 6                                      | -                 | -                    | 6                                      | For the benefit of the public library   |
| E Pengelly Bequest                      | 14                                     | 1                 | -                    | 15                                     | For the purchase of children's books  |
| F L Irvine Smith Memorial               | 7                                      | -                 | -                    | 7                                      | For the purchase of books for the Khandallah Library  |
| Greek NZ Memorial Association           | 5                                      | -                 | -                    | 5                                      | For the maintenance and upgrade of the memorial   |
| Kidsarus 2 Donation                     | 3                                      | -                 | -                    | 3                                      | For the purchase of children's books  |
| Kirkaldie and Stains Donation           | 17                                     | -                 | -                    | 17                                     | For the beautification of the BNZ site  |
| QEII Memorial Book Fund                 | 20                                     | 1                 | -                    | 21                                     | For the purchase of books on the Commonwealth   |
| Schola Cantorum Trust                   | 7                                      | -                 | -                    | 7                                      | For the purchase of musical scores  |
| Terawhiti Grant                         | 10                                     | -                 | -                    | 10                                     | To be used on library book purchases  |
| <b>Total trusts and bequests</b>        | <b>411</b>                             | <b>18</b>         | <b>(15)</b>          | <b>414</b>                             |   |
| <b>Total restricted funds</b>           | <b>13,663</b>                          | <b>4,533</b>      | <b>(3,980)</b>       | <b>14,216</b>                          |   |

## Significant Accounting Policies

### Reporting entity

Wellington City Council is a territorial local authority governed by the Local Government Act 2002.

The primary objective of the Council is to provide goods or services for community or social benefits rather than making a financial return. As a defined public entity under the Public Audit Act 2001, the Council is audited by the Office of the Auditor General and is classed as a Public Sector Public Benefit Entity for financial reporting purposes.

These draft prospective financial statements are for Wellington City Council (the Council) as a separate legal entity. Consolidated prospective financial statements comprising the Council and its controlled entities (subsidiaries), joint ventures and associates have not been prepared.

### Basis of preparation

#### Public Benefit Entity Financial Reporting Standard 42 Prospective Financial Statements (PBE FRS 42)

The Council has complied with PBE FRS 42 in the preparation of these prospective financial statements. In accordance with PBE FRS 42, the following information is provided:

*(i) Description of the nature of the entity's current operation and its principal activities*

The Council is a territorial local authority, as defined in the Local Government Act 2002. The Council's principal activities are outlined within this Annual Plan.

*(ii) Purpose for which the prospective financial statements are prepared*

It is a requirement of the Local Government Act 2002 to present prospective financial statements that span 1 year and include them within the Annual Plan. This provides an opportunity for ratepayers and residents to review the projected financial results and position of the Council.

*(iii) Bases for assumptions, risks and uncertainties*

The financial information has been prepared on the basis of best estimate assumptions as the future events which the Council expects to take place. The Council has considered factors that may lead to a material difference between information in the prospective financial statements and actual results. These factors, and the assumptions made in relation to the sources of uncertainty and potential effect, are outlined within this Annual Plan.

*(iv) Cautionary Note*

The financial information is prospective. Actual results are likely to vary from the information presented, and the variations may be material.

*(iv) Other Disclosures*

These prospective financial statements were adopted, as part of the assumptions that form the 2016/17 Annual Plan consultative documents, for issue on 23 March 2016 by Wellington City Council. The Council is responsible for the prospective financial statements presented, including

the assumptions underlying prospective financial statements and all other disclosures. The Annual Plan is prospective and as such contains no actual operating results.

#### **Statement of compliance**

The draft prospective financial statements for the Council have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP).

The draft prospective financial statements have been prepared to comply with Public Benefit Entity Accounting Standards (PBE Standards) for a Tier 1 entity. A Tier 1 entity is defined as being either publicly accountable or large (ie. expenses over \$30m). Council exceeds the expenses threshold.

The reporting period for these prospective financial statements is for the period ending 30 June 2017.

#### **Measurement base**

The measurement basis applied is historical cost, modified by the revaluation of certain assets and liabilities as identified in this summary of significant accounting policies. The accrual basis of accounting has been used unless otherwise stated.

For the assets and liabilities recorded at fair value, fair value is defined as the amount for which an item could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's-length transaction. For investment property, non-current assets classified as held for sale and items of property, plant and equipment which are revalued, the fair value is determined by reference to market value. The market value of a property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction.

Amounts expected to be recovered or settled more than one year after the end of the reporting period are recognised at their present value. The present value of the estimated future cash flows is calculated using applicable inflation factors and a discount rate. The inflation rates used and the discount rate for forecasting the long-term cost of borrowing are as per the "planning assumptions" which are disclosed on pages **XX**.

The prospective financial statements are presented in New Zealand dollars, rounded to the nearest thousand (\$000), unless otherwise stated.

The accounting policies set out below have been applied consistently to all periods presented in these prospective financial statements.

#### **Judgements and estimations**

The preparation of prospective financial statements using PBE accounting standards requires the use of judgements, estimates and assumptions. Where material, information on the main assumptions is provided in the relevant accounting policy.

The estimates and assumptions are based on historical experience as well as other factors that are believed to be reasonable under the circumstances. Subsequent actual results may differ from these estimates and these variations may be material.

The estimates and assumptions are reviewed on an ongoing basis and adjustments are made where necessary.

Judgements that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the relevant notes. Significant judgements and estimations include landfill post-closure costs, asset revaluations, impairments, certain fair value calculations and provisions.

## **Revenue**

Revenue comprises rates, revenue from operating activities, investment revenue, gains, finance and other revenue and is measured at the fair value of consideration received or receivable.

Specific accounting policies for major categories of revenue are outlined below:

### **Rates**

Rates are set annually by resolution from the Council and relate to a particular financial year. All ratepayers are invoiced within the financial year for which the rates have been set. Rates revenue is recognised in full as at the date when rate assessment notices are sent to the ratepayers.

### **Operating activities**

#### *Grants, subsidies and reimbursements*

Grants and subsidies are recognised as revenue immediately except to the extent a liability is also recognised in respect of the same grant or subsidy. A liability is recognised when the grant or subsidy received is subject to a condition such that the Council has the obligation to return those funds received in the event that the conditions attached to them are breached. As the Council satisfies the conditions, the carrying amount of the liability is reduced and an equal amount is recognised as revenue.

Reimbursements are recognised upon entitlement, which is when conditions relating to the eligible expenditure have been fulfilled.

#### *Development contributions*

Development contributions are recognised as revenue when the Council provides, or is able to provide, the service for which the contribution was charged. In the event that the Council is unable to provide the service immediately, or the development contribution is refundable, the Council will recognise an asset and a liability and only recognise revenue when the Council has met the obligation for which the development contribution was charged.

#### *Rendering of services*

Services rendered are recognised by reference to the stage of completion of the transaction at the reporting date.

*Fines and penalties*

Revenue from fines and penalties (eg traffic and parking infringements, library overdue book fines, rates penalties) is recognised when infringement notices are issued or when the fines/penalties are otherwise imposed. In particular the fair value of parking related fines is determined based on the probability of collecting fines considering previous collection history and a discount for the time value of money.

*Sale of goods*

The sale of goods is recognised when products are sold to the customer and all risks and rewards of ownership have transferred to the customer.

**Investment revenues**

*Dividends*

Dividends from equity investments are recognised when the Council's right to receive payment has been established.

*Investment property lease rentals*

Lease rentals (net of any incentives given) are recognised on a straight line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which benefits derived from the leased asset is diminished

**Other revenue**

*Donated, subsidised or vested assets*

Where a physical asset is acquired for nil or nominal consideration, with no conditions attached, the fair value of the asset received is recognised when the control of the asset is transferred to the Council.

*Gains*

Gains include additional earnings on the disposal of property, plant and equipment and movements in the fair value of financial assets and liabilities.

**Finance revenue**

*Interest*

Interest revenue is recognised using the effective interest rate method.

**Donated services**

The Council benefits from the voluntary service of many Wellingtonians in the delivery of its activities and services (eg beach cleaning and Otari-Wilton's Bush guiding and planting). Due to the difficulty in determining the precise value of these donated services with sufficient reliability, donated services are not recognised in these financial statements.

## Expenses

Specific accounting policies for major categories of expenditure are outlined below:

### Operating activities

#### *Grants and sponsorships*

Expenditure is classified as a grant or sponsorship if it results in a transfer of resources (eg cash or physical assets) to another entity or individual in return for compliance with certain conditions relating to the operating activities of that entity. It includes any expenditure arising from a funding arrangement with another entity that has been entered into to achieve the objectives of the Council. Grants and sponsorships are distinct from donations which are discretionary or charitable gifts. Where grants and sponsorships are discretionary until payment, the expense is recognised when the payment is made. Otherwise, the expense is recognised when the specified criteria have been fulfilled.

### Finance expense

#### *Interest*

Interest expense is recognised using the effective interest rate method. All borrowing costs are expensed in the period in which they are incurred.

### Depreciation and amortisation

Depreciation of property, plant and equipment and amortisation of intangible assets are charged on a straight-line basis over the estimated useful life of the associated assets.

## Goods and Services Tax (GST)

All items in the prospective financial statements are exclusive of GST, with the exception of receivables, recoverables and payables, which are stated as GST inclusive. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

## Financial instruments

Financial instruments include financial assets (loans and receivables and financial assets at fair value through other comprehensive revenue and expense), financial liabilities (payables and borrowings) and derivative financial instruments. Financial instruments are initially recognised on trade-date at their fair value plus transaction costs. Subsequent measurement of financial instruments depends on the classification determined by the Council. Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Council has transferred substantially all of the risks and rewards of ownership.

Financial instruments are classified into the categories outlined below based on the purpose for which they were acquired. The classification is determined at initial recognition and re-evaluated at the end of each reporting period.

### **Financial assets**

Financial assets are classified as loans and receivables or financial assets at fair value through other comprehensive revenue and expense.

*Loans and receivables* comprise cash and cash equivalents, receivables and recoverables, loans and deposits.

- Cash and cash equivalents comprise cash balances and call deposits with maturity dates of three months or less.
- Receivables and recoverables have fixed or determinable payments. They arise when the Council provides money, goods or services directly to a debtor, and has no intention of trading the receivable recoverable.
- Loans and deposits include loans to other entities (including controlled entities and associates), and bank deposits with maturity dates of more than three months.

Financial assets in this category are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method. Fair value is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date for assets of a similar maturity and credit risk. Receivables and recoverables due in less than 12 months are recognised at their nominal value. A provision for impairment is recognised when there is objective evidence that the asset is impaired. As there are statutory remedies to recover unpaid rates, penalties and water meter charges, no provision has been made for impairment in respect of these receivables or recoverables.

*Financial assets at fair value through other comprehensive revenue and expense* relate to equity investments that are held by the Council for long-term strategic purposes and therefore are not intended to be sold. Financial assets at fair value through other comprehensive revenue and expense are initially recorded at fair value plus transaction costs. They are subsequently measured at fair value and changes, other than impairment losses, are recognised directly in a reserve within equity. On disposal, the cumulative fair value gain or loss previously recognised directly in other comprehensive revenue and expense is recognised within surplus or deficit.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Council has transferred substantially all of the risks and rewards of ownership.

### **Financial liabilities**

Financial liabilities comprise payables under exchange transaction, taxes, transfers and borrowings. Financial liabilities with duration of more than 12 months are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method. Amortisation is recognised within surplus or deficit. Financial liabilities with duration of less than 12 months are recognised at their nominal value.

On disposal any gains or losses are recognised within surplus or deficit.

### **Derivatives**

Derivative financial instruments include interest rate swaps used to hedge exposure to interest rate risk on borrowings. Derivatives are initially recognised at fair value, based on quoted market prices, and subsequently remeasured to fair value at the end of each reporting period. Fair value is determined by reference to quoted prices for similar instruments in active markets.

Derivatives that do not qualify for hedge accounting are classified as non-hedged and fair value gains or losses are recognised within surplus or deficit.

Recognition of fair value gains or losses on derivatives that qualify for hedge accounting depends on the nature of the item being hedged. Where a derivative is used to hedge variability of cash flows (cash flow hedge), the effective part of any gain or loss is recognised within other comprehensive revenue and expense while the ineffective part is recognised within surplus or deficit. Gains or losses recognised in other comprehensive revenue and expense transfer to surplus or deficit in the same periods as when the hedged item affects the surplus or deficit. As per the International Swap Dealers' Association (ISDA) master agreements, all swap payments or receipts are settled net.

### **Inventories**

Inventories consumed in the provision of services (such as botanical supplies) are measured at the lower of cost and current replacement cost.

Inventories held for resale (such as rubbish bags), are recorded at the lower of cost (determined on a first-in, first-out basis) and net realisable value. This valuation includes allowances for slow-moving and obsolete stock. Net realisable value is the estimated selling price in the ordinary course of business.

Inventories held for distribution at no or nominal cost, are recorded at the lower of cost and current replacement cost.

### **Investment properties**

Investment properties are properties which are held primarily to earn rental revenue or for capital growth or both. These include the Council's ground leases, and certain land and buildings.

Investment properties exclude those properties held for strategic purposes or to provide a social service. This includes properties which generate cash inflows as the rental revenue is incidental to the purpose for holding the property. Such properties include the Council's social housing assets, which are held within operational assets in property, plant and equipment.

The basis of valuation varies depending on the nature of the lease. For sites that are subject to a terminating lease the approach is to assess the value of the rental revenue over the remaining term of the lease and add the residual value of the land at lease expiry. For sites subject to perpetually renewable leases values have been assessed utilising a discounted cash flow and arriving at a net present value of all future anticipated gross rental payments.

Borrowing costs incurred during the construction of investment property are not capitalised.

Investment properties are measured initially at cost and subsequently measured at fair value, determined annually by an independent registered valuer. Any gain or loss arising is recognised within surplus or deficit. Investment properties are not depreciated.

### **Non-current assets classified as held for sale**

Non-current assets held for sale are valued at the lower of the carrying amount and fair value less costs to sell at the time of reclassification.

Non-current assets held for sale are separately classified as their carrying amount will be recovered through a sale transaction rather than through continuing use. A non-current asset is classified as held for sale where:

- the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets;
- a plan to sell the asset is in place and an active programme to locate a buyer has been initiated;
- the asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value;
- the sale is expected to occur within one year or beyond one year where a delay has occurred which is caused by events beyond the Council's control and there is sufficient evidence the Council remains committed to sell the asset; and
- actions required to complete the sale indicate it is unlikely that significant changes to the plan will be made or the plan will be withdrawn.
- A non-current asset classified as held for sale is recognised at the lower of its carrying amount or fair value less costs to sell. Impairment losses on initial classification are included within surplus or deficit.

### **Property, plant and equipment**

Property, plant and equipment consists of operational assets, restricted assets and infrastructure assets.

Operational assets include land, the landfill post-closure asset, buildings, the Civic Centre complex, the library collection, and plant and equipment.

Restricted assets include art and cultural assets, zoo animals, restricted buildings, parks and reserves and the Town Belt. These assets provide a benefit or service to the community and in most cases cannot be disposed of because of legal or other restrictions.

Infrastructure assets include the roading network, water, waste and drainage reticulation networks, service concession assets and infrastructure land (including land under roads). Each asset type includes all items that are required for the network to function.

Vested assets are those assets where ownership and control is transferred to the Council from a third party (eg infrastructure assets constructed by developers and transferred to the Council on completion of a subdivision). Vested assets are recognised within their respective asset classes as above.

Heritage assets are tangible assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture. The Council recognises these assets within these financial statements to the extent their value can be reliably measured.

### **Recognition**

Expenditure is capitalised as property, plant and equipment when it creates a new asset or increases the economic benefits of an existing asset. Costs that do not meet the criteria for capitalisation are expensed.

### **Measurement**

Property, plant and equipment is recognised initially at cost, unless acquired for nil or nominal cost (eg vested assets), in which case the asset is recognised at fair value at the date of transfer. The initial cost of property, plant and equipment includes the purchase consideration

(or the fair value in the case of vested assets), and those costs that are directly attributable to bringing the asset into the location and condition necessary for its intended purpose. Subsequent expenditure that extends or expands the asset's service potential is capitalised.

Borrowing costs incurred during the construction of property, plant and equipment are not capitalised.

After initial recognition, certain classes of property, plant and equipment are revalued to fair value. Where there is no active market for an asset, fair value is determined by optimised depreciated replacement cost.

Optimised depreciated replacement cost is a valuation methodology where the value of an asset is based on the cost of replacement with an efficient modern equivalent making allowance for obsolescence or surplus capacity. The remaining life of the asset is estimated and straight line depreciation applied to bring the replacement cost to a fair value.

Specific measurement policies for categories of property, plant and equipment are shown below:

#### *Library Collections*

Library collections are valued at depreciated replacement cost on a three-year cycle by the Council's library staff in accordance with guidelines outlined in *Valuation Guidance for Cultural and Heritage Assets*, published by the Treasury Accounting Team, November 2002.

#### *Operational Land & Buildings*

Operational land and buildings are valued at fair value on a three-year cycle by independent registered valuers. Where the information is available land and buildings are valued based on market evidence. The majority of Council's land and buildings are of a 'non-tradeable' or specialist nature and the value is based on the fair value of the land plus the optimised depreciated replacement cost of the buildings.

For earthquake prone buildings that are expected to be strengthened, the estimated cost to strengthen the building has been deducted from the optimised depreciated replacement cost.

Buildings that comprise the Housing portfolio have been valued on market based approach with the associated land value being established through analysis of sales and market evidence.

#### *Restricted assets*

Art and cultural assets (artworks, sculptures and statues) are valued at historical cost. Zoo animals are stated at estimated replacement cost. All other restricted assets (buildings, parks and reserves and the Town Belt) were valued at fair value as at 30 June 2005 by independent registered valuers. The Council has elected to use the fair value of other restricted assets at 30 June 2005 as the deemed cost of the assets. These assets are no longer revalued. Subsequent additions have been recorded at cost.

#### *Infrastructure assets*

Infrastructure assets (the roading network, water, waste and drainage reticulation networks and service concession arrangement assets) are valued at optimised depreciated replacement cost on a three-year cycle by independent registered valuers. Infrastructure valuations are based on the physical attributes of the assets, their condition and their remaining lives based on Council's best information reflected in its assets management plans. The costs are based on current quotes from actual suppliers. As such, they include ancillary costs such as breaking through seal, traffic control and rehabilitation. Between valuations, expenditure on asset improvements is capitalised at cost.

Infrastructure land (excluding land under roads) is valued at fair value on a three-year cycle.

Land under roads, which represents the corridor of land directly under and adjacent to the Council's roading network, was valued as at 30 June 2005 at the average value of surrounding

adjacent land discounted by 50% to reflect its restricted nature. The Council elected to use the fair value of land under roads at 30 June 2005 as the deemed cost of the asset. Land under roads is no longer revalued. Subsequent additions have been recorded at cost.

The carrying values of revalued property, plant and equipment are reviewed at the end of each reporting period to ensure that those values are not materially different to fair value.

#### *Other Assets*

Plant and equipment and the Civic Centre complex are measured at historical cost and not revalued.

#### **Revaluations**

The result of any revaluation of the Council's property, plant and equipment is recognised within other comprehensive revenue and expense and taken to the asset revaluation reserve. Where this results in a debit balance in the reserve for a class of property, plant and equipment, the balance is included in the surplus or deficit. Any subsequent increase on revaluation that offsets a previous decrease in value recognised within surplus or deficit will be recognised firstly, within surplus or deficit up to the amount previously expensed, with any remaining increase recognised within other comprehensive revenue and expense and in the revaluation reserve for that class of property, plant and equipment.

Accumulated depreciation at the revaluation date is eliminated so that the carrying amount after revaluation equals the revalued amount.

While assumptions are used in all revaluations, the most significant of these are in infrastructure. For example where stormwater, wastewater and water supply pipes are underground, the physical deterioration and condition of assets are not visible and must therefore be estimated. Any revaluation risk is minimised by performing a combination of physical inspections and condition modelling assessments.

#### **Impairment**

The Council's assets are defined as cash generating if the primary purpose of the asset is to provide a commercial return. Non-cash generating assets are assets other than cash generating assets.

The carrying amounts of cash generating property, plant and equipment assets are reviewed at least annually to determine if there is any indication of impairment. Where an asset's, or class of assets', recoverable amount is less than its carrying amount it will be reported at its recoverable amount and an impairment loss will be recognised. The recoverable amount is the higher of an item's fair value less costs to sell and value in use. Losses resulting from impairment are reported within surplus or deficit, unless the asset is carried at a revalued amount in which case any impairment loss is treated as a revaluation decrease and recorded within other comprehensive revenue and expense.

The carrying amounts of non-cash generating property, plant and equipment assets are reviewed at least annually to determine if there is any indication of impairment. Where an asset's, or class of assets', recoverable service amount is less than its carrying amount it will be reported at its recoverable service amount and an impairment loss will be recognised. The recoverable service amount is the higher of an item's fair value less costs to sell and value in use. A non-cash generating asset's value in use is the present value of the asset's remaining service potential. Losses resulting from impairment are reported within surplus or deficit, unless the asset is carried at a revalued amount in which case any impairment loss is treated as a revaluation decrease and recorded within other comprehensive revenue and expense.

#### **Disposal**

Gains and losses arising from the disposal of property, plant and equipment are recognised within surplus or deficit in the period in which the transaction occurs. Any balance attributable to the disposed asset in the asset revaluation reserve is transferred to retained earnings.

### Work in progress

The cost of projects within work in progress is transferred to the relevant asset class when the project is completed and then depreciated.

### Depreciation

Depreciation is provided on all property, plant and equipment, with certain exceptions. The exceptions are land, restricted assets other than buildings, and assets under construction (work in progress). Depreciation is calculated on a straight-line basis, to allocate the cost or value of the asset (less any assessed residual value) over its estimated useful life.

The estimated useful lives and depreciation rate ranges of the major classes of property, plant and equipment are as follows:

| Asset Category                          | Useful Life (years) | Depreciation Rate |
|---|---------------------|-------------------|
| Land                                    | unlimited           | not depreciated   |
| Buildings                               | 1 - 75              | 1.33 - 100%       |
| Civic Centre Complex                    | 10 - 78             | 1.28 - 10%        |
| Plant and equipment                     | 3 - 100             | 1 - 33.3%         |
| Library collection                      | 3 - 11              | 9.1 - 33.3%       |
| Restricted assets (excluding buildings) | unlimited           | not depreciated   |
| Infrastructure assets:                  |                     |                   |
| Land (including land under roads)       | unlimited           | not depreciated   |
| Roading                                 | 3 - 175             | 0.57 - 33.3%      |
| Drainage, waste and water               | 3 - 175             | 0.57 - 33.3%      |
| Service concession arrangement assets   | 3 - 100             | 1 - 33.3%         |

The landfill post closure asset is depreciated over the life of the landfill based on the capacity of the landfill.

### Intangible assets

Intangible assets predominantly comprise computer software and carbon credits. They are recorded at cost less any subsequent amortisation and impairment losses.

Computer software has a finite economic life and amortisation is charged to surplus or deficit on a straight-line basis over the estimated useful life of the asset. Typically, the estimated useful lives and depreciation rate range of these assets are as follows:

| Asset Category    | Useful Life (years) | Depreciation Rate |
|-------------------|---------------------|-------------------|
| Computer software | 1 to 10 years       | 10% to 100%       |

Carbon credits comprise either allocations of emission allowances granted by the Government related to forestry assets or units purchased in the market to cover liabilities associated with landfill operations. Carbon credits are recognised at cost at the date of allocation or purchase.

Gains and losses arising from disposal of intangible assets are recognised within surplus or deficit in the period in which the transaction occurs. Intangible assets are reviewed at least annually to determine if there is any indication of impairment. Where an intangible asset's recoverable amount

is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. Losses resulting from impairment are reported within surplus or deficit.

### **Leases**

#### **Operating leases as lessee**

Leases where the lessor retains substantially all the risks and rewards of ownership of the leased items are classified as operating leases. Payments made under operating leases are recognised within surplus or deficit on a straight-line basis over the term of the lease. Lease incentives received are recognised within surplus or deficit over the term of the lease as they form an integral part of the total lease payment.

#### **Operating leases as lessor**

The Council leases investment properties and a portion of land and buildings. Rental revenue is recognised on a straight-line basis over the lease term.

#### **Finance leases**

Finance leases transfer to the Council (as lessee) substantially all the risks and rewards of ownership of the leased asset. Initial recognition of a finance lease results in an asset and liability being recognised at amounts equal to the lower of the fair value of the leased property or the present value of the minimum lease payments.

The finance charge is released to surplus or deficit over the lease period and the capitalised values are amortised over the shorter of the lease term and the useful life of the leased item.

### **Employee benefit liabilities**

A provision for employee benefit liabilities (holiday leave, long service leave and retirement gratuities) is recognised as a liability when benefits are earned but not paid.

#### **Holiday leave**

Holiday leave includes: annual leave, long service leave, statutory time off in lieu and ordinary time off in lieu. Annual leave is calculated on an actual entitlement basis in accordance with section 21(2) of the Holidays Act 2003.

#### **Retirement gratuities**

Retirement gratuities are calculated on an actuarial basis based on the likely future entitlements accruing to employees, after taking into account years of service, years to entitlement, the likelihood that employees will reach the point of entitlement, and other contractual entitlements information.

#### **Other contractual entitlements**

Other contractual entitlements include termination benefits, which are recognised within surplus or deficit only when there is a demonstrable commitment to either terminate employment prior to normal retirement date or to provide such benefits as a result of an offer to encourage voluntary redundancy. Termination benefits settled within 12 months are reported at the amount expected to be paid, otherwise they are reported as the present value of the estimated future cash outflows.

## Provisions

Provisions are recognised for future liabilities of uncertain timing or amount when there is a present obligation as a result of a past event, it is probable that expenditure will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are measured at the expenditure expected to be required to settle the obligation. Liabilities and provisions to be settled beyond 12 months are recorded at their present value.

### Landfill post-closure costs

The Council, as operator of the Southern Landfill, has a legal obligation to apply for resource consents when the landfill or landfill stages reach the end of their operating life and are to be closed. These resource consents will set out the closure requirements and the requirements for ongoing maintenance and monitoring services at the landfill site after closure. A provision for post-closure costs is recognised as a liability when the obligation for post-closure arises, which is when each stage of the landfill is commissioned and refuse begins to accumulate.

The provision is measured based on the present value of future cash flows expected to be incurred, taking into account future events including known changes to legal requirements and known improvements in technology. The provision includes all costs associated with landfill post-closure including final cover application and vegetation; incremental drainage control features; completing facilities for leachate collection and monitoring; completing facilities for water quality monitoring; completing facilities for monitoring and recovery of gas.

Amounts provided for landfill post-closure are capitalised to the landfill asset. The capitalised landfill asset is depreciated over the life of the landfill based on the capacity used.

The Council's provision for landfill post-closure costs includes the Council's 21.5% proportionate share of the Spicer Valley landfill provision for post-closure costs.

### ACC partnership programme

The Council is an Accredited Employer under the ACC Partnership Programme. As such the Council accepts the management and financial responsibility of our employee work-related injuries. From 1 April 2009 the Council changed its agreement with ACC from Full Self Cover (FSC) to Partnership Discount Plan (PDP). Under the PDP option, the Council is responsible for managing work related injury claims for a two-year period only and transfer ongoing claims to ACC at the end of the two-year claim management period with no further liability.

Under the ACC Partnership Programme the Council is effectively providing accident insurance to employees and this is accounted for as an insurance contract. The value of this liability represents the expected future payments in relation to work-related injuries occurring up to the end of the reporting period for which the Council has responsibility under the terms of the Partnership Programme.

### Financial guarantee contracts

A financial guarantee contract is a contract that requires the Council to make specified payments to reimburse the contract holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at fair value. The Council measures the fair value of a financial guarantee by determining the probability of the guarantee being called

by the holder. The probability factor is then applied to the principal and the outcome discounted to present value.

Financial guarantees are subsequently measured at the higher of the Council's best estimate of the obligation or the amount initially recognised less any amortisation.

### **Net Assets/Equity**

Net assets or equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Net assets or equity is disaggregated and classified into a number of components to enable clearer identification of the specified uses of equity within the Council.

The components of net assets or equity are accumulated funds and retained earnings, revaluation reserves, a hedging reserve, a fair value through other comprehensive revenue and expense reserve and restricted funds (special funds, reserve funds, trusts and bequests).

Restricted funds are those reserves that are subject to specific conditions of use, whether under statute or accepted as binding by the Council, and that may not be revised without reference to the Courts or third parties. Transfers from these reserves may be made only for specified purposes or when certain specified conditions are met.

### **Prospective Statement of Cash Flows**

Cash and cash equivalents for the purposes of the cash flow statement comprises bank balances, cash on hand and short term deposits with a maturity of three months or less. The prospective statement of cash flows has been prepared using the direct approach subject to the netting of certain cash flows. Cash flows in respect of investments and borrowings that have been rolled-over under arranged finance facilities have been netted in order to provide more meaningful disclosures.

Operating activities include cash received from all non-financial revenue sources of the Council and record the cash payments made for the supply of goods and services. Investing activities relate to the acquisition and disposal of assets and investment revenue. Financing activities relate to activities that change the equity and debt capital structure of the Council and financing costs.

### **Related parties**

Related parties arise where one entity has the ability to affect the financial and operating policies of another through the presence of control or significant influence. Related parties include all members of the Group (controlled entities, associates and joint ventures) and key management personnel.

Key management personnel include the Mayor and Councillors as elected members of the governing body of the Council reporting entity, the Chief Executive and all members of the Executive Leadership Team, being key advisors to the Council and Chief Executive.

Remuneration of elected members comprises any money, consideration or benefit received or receivable or otherwise made available, directly or indirectly, during the reporting period but does not include reimbursement of authorised work expenses or the provision of work-related equipment such as cell phones and laptops.

### **Cost allocation**

The Council has derived the cost of service for each significant activity (as reported within the Statements of Service Provision). Direct costs are expensed directly to the activity. Indirect costs relate to the overall costs of running the organisation and include staff time, office space and information technology costs. These indirect costs are allocated as overheads across all activities.

### **Comparatives**

To ensure consistency with the current year, certain comparative information has been reclassified where appropriate. This has occurred:

- where classifications have changed between periods;
- where the Council has made additional disclosure in the current year, and where a greater degree of disaggregation of prior year amounts and balances is therefore required; and
- where there has been a change of accounting policy.

**FUNDING IMPACT STATEMENT  
FOR WHOLE OF COUNCIL**

|  | 2015-25<br>LTP  | 2015-25<br>LTP Yr 1<br>Amended | 2016/17<br>AP   | Variance<br>to Amended<br>LTP | Notes |
|--|-----------------|--------------------------------|-----------------|-------------------------------|-------|
|  | \$000           | \$000                          | \$000           | \$000                         |       |
| <b>Sources of operating funding</b>                                      |                 |                                |                 |                               |       |
| General rates, uniform annual general charges, rates penalties           | 152,004         | 152,004                        | 161,447         | 9,443                         |       |
| Targeted rates (other than a targeted rate for water supply)             | 118,903         | 118,903                        | 123,203         | 4,300                         |       |
| Subsidies and grants for operating purposes                              | 6,485           | 6,485                          | 9,488           | 3,003                         |       |
| Fees and charges   | 122,218         | 122,218                        | 123,180         | 962                           |       |
| Interest and dividends from investments                                  | 11,013          | 11,013                         | 11,125          | 112                           |       |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 9,255           | 9,255                          | 9,513           | 258                           |       |
| <b>Total operating funding (A)</b>                                       | <b>419,878</b>  | <b>419,878</b>                 | <b>437,956</b>  | <b>18,078</b>                 |       |
| <b>Applications of operating funding</b>                                 |                 |                                |                 |                               |       |
| Payments to staff and suppliers  | 280,484         | 280,481                        | 292,092         | 11,611                        | 1     |
| Finance costs  | 22,961          | 22,961                         | 26,281          | 3,320                         | 1     |
| Internal charges and overheads applied                                   | -               | -                              | -               | -                             |       |
| Other operating funding applications                                     | 35,850          | 35,850                         | 42,866          | 7,016                         | 1     |
| <b>Total applications of operating funding (B)</b>                       | <b>339,295</b>  | <b>339,292</b>                 | <b>361,239</b>  | <b>21,947</b>                 |       |
| <b>Surplus (deficit) of operating funding (A - B)</b>                    | <b>80,583</b>   | <b>80,586</b>                  | <b>76,717</b>   | <b>(3,869)</b>                |       |
| <b>Sources of capital funding</b>  |                 |                                |                 |                               |       |
| Subsidies and grants for capital expenditure                             | 36,026          | 36,026                         | 35,726          | (300)                         |       |
| Development and financial contributions                                  | 2,000           | 2,000                          | 2,000           | -                             |       |
| Increase (decrease) in debt  | 41,399          | 62,899                         | 145,908         | 83,009                        | 2     |
| Gross proceeds from sales of assets                                      | 2,650           | 2,650                          | 4,600           | 1,950                         |       |
| Lump sum contributions   | -               | -                              | -               | -                             |       |
| <b>Total sources of capital funding (C)</b>                              | <b>82,075</b>   | <b>103,575</b>                 | <b>188,234</b>  | <b>84,659</b>                 |       |
| <b>Applications of capital funding</b>                                   |                 |                                |                 |                               |       |
| Capital expenditure  |                 |                                |                 |                               |       |
| - to meet additional demand  | 2,597           | 2,597                          | 1,928           | (669)                         | 3     |
| - to improve the level of service  | 62,680          | 84,180                         | 145,817         | 61,637                        | 3     |
| - to replace existing assets   | 93,169          | 93,169                         | 95,819          | 2,650                         | 3     |
| Increase (decrease) in reserves  | 4,212           | 4,215                          | 21,396          | 17,181                        |       |
| Increase (decrease) in investments                                       | -               | -                              | -               | -                             |       |
| <b>Total applications of capital funding (D)</b>                         | <b>162,658</b>  | <b>184,161</b>                 | <b>264,960</b>  | <b>80,799</b>                 |       |
| <b>Surplus (deficit) of capital funding (C - D)</b>                      | <b>(80,583)</b> | <b>(80,586)</b>                | <b>(76,726)</b> | <b>3,860</b>                  |       |
| <b>Funding balance ((A - B) + (C - D))</b>                               | <b>-</b>        | <b>-</b>                       | <b>(9)</b>      | <b>(9)</b>                    |       |
| <b>Expenses for this activity grouping include the following</b>         |                 |                                |                 |                               |       |
| depreciation/amortisation charge   | 102,165         | 99,797                         | 103,471         | 1,027                         |       |

**Notes:**

1. Variances for these operating expenditure items can be found in the Funding Impact Statement for each activity over the following 18 pages.
2. Includes funding for proposed Movie Museum and proposed Convention Centre.
2. Variances for these capital expenditure items can be found in the Funding Impact Statement for each activity over the following 18 pages.

**FUNDING IMPACT STATEMENT**  
1.1 FOR GOVERNANCE, INFORMATION AND ENGAGEMENT

|   | 2015-25<br>LTP | 2015-25<br>LTP Yr 1<br>Amended | 2016/17<br>AP | Variance<br>to Amended<br>LTP | Notes |
|---|----------------|--------------------------------|---------------|-------------------------------|-------|
|   | \$000          | \$000                          | \$000         | \$000                         |       |
| <b>Sources of operating funding</b>   |                |                                |               |                               |       |
| General rates, uniform annual general charges, rates penalties                                | 16,587         | 16,587                         | 17,733        | 1,146                         |       |
| Targeted rates (other than a targeted rate for water supply)                                  | -              | -                              | -             | -                             |       |
| Subsidies and grants for operating purposes   | -              | -                              | -             | -                             |       |
| Fees and charges  | 508            | 508                            | 889           | 381                           | 1     |
| Internal charges and overheads recovered  | -              | -                              | -             | -                             |       |
| Local authorities fuel tax, fines, infringement fees, and other receipts                      | -              | -                              | -             | -                             |       |
| <b>Total operating funding (A)</b>  | <b>17,095</b>  | <b>17,095</b>                  | <b>18,622</b> | <b>1,527</b>                  |       |
| <b>Applications of operating funding</b>  |                |                                |               |                               |       |
| Payments to staff and suppliers   | 9,713          | 9,713                          | 11,152        | 1,439                         | 2     |
| Finance costs   | 16             | 16                             | 16            | -                             |       |
| Internal charges and overheads applied  | 7,308          | 7,308                          | 7,402         | 94                            |       |
| Other operating funding applications  | 10             | 10                             | 10            | -                             |       |
| <b>Total applications of operating funding (B)</b>  | <b>17,047</b>  | <b>17,047</b>                  | <b>18,580</b> | <b>1,533</b>                  |       |
| <b>Surplus (deficit) of operating funding (A - B)</b>   | <b>48</b>      | <b>48</b>                      | <b>42</b>     | <b>(6)</b>                    |       |
| <b>Sources of capital funding</b>   |                |                                |               |                               |       |
| Subsidies and grants for capital expenditure  | -              | -                              | -             | -                             |       |
| Development and financial contributions   | -              | -                              | -             | -                             |       |
| Increase (decrease) in debt   | (48)           | (48)                           | 74            | 122                           |       |
| Gross proceeds from sales of assets   | -              | -                              | -             | -                             |       |
| Lump sum contributions  | -              | -                              | -             | -                             |       |
| <b>Total sources of capital funding (C)</b>   | <b>(48)</b>    | <b>(48)</b>                    | <b>74</b>     | <b>122</b>                    |       |
| <b>Applications of capital funding</b>  |                |                                |               |                               |       |
| Capital expenditure   | -              | -                              | -             | -                             |       |
| - to meet additional demand   | -              | -                              | -             | -                             |       |
| - to improve the level of service   | -              | -                              | -             | -                             |       |
| - to replace existing assets  | -              | -                              | 116           | 116                           | 3     |
| Increase (decrease) in reserves   | -              | -                              | -             | -                             |       |
| Increase (decrease) in investments  | -              | -                              | -             | -                             |       |
| <b>Total applications of capital funding (D)</b>  | <b>-</b>       | <b>-</b>                       | <b>116</b>    | <b>116</b>                    |       |
| <b>Surplus (deficit) of capital funding (C - D)</b>   | <b>(48)</b>    | <b>(48)</b>                    | <b>(42)</b>   | <b>6</b>                      |       |
| <b>Funding balance ((A - B) + (C - D))</b>  | <b>-</b>       | <b>-</b>                       | <b>-</b>      | <b>-</b>                      |       |
| Expenses for this activity grouping include the following<br>depreciation/amortisation charge | 48             | 48                             | 42            | (6)                           |       |

**Notes:**

1. Revenue cost recovery for elections conducted on behalf of other local authorities and boards, for example Greater Wellington Regional Council and the Capital and Coast District Health Board.
2. Increase in contractor costs related to local body election year.
3. Cost related to election-specific software.

**FUNDING IMPACT STATEMENT**  
**1.2 FOR MAORI AND MANA WHENUA PARTNERSHIPS**

|  | 2015-25<br>LTP | 2015-25<br>LTP Yr 1<br>Amended | 2016/17<br>AP | Variance<br>to Amended<br>LTP | Notes |
|--|----------------|--------------------------------|---------------|-------------------------------|-------|
|  | \$000          | \$000                          | \$000         | \$000                         |       |
| <b>Sources of operating funding</b>                                      |                |                                |               |                               |       |
| General rates, uniform annual general charges, rates penalties           | 281            | 281                            | 295           | 14                            |       |
| Targeted rates (other than a targeted rate for water supply)             | -              | -                              | -             | -                             |       |
| Subsidies and grants for operating purposes                              | -              | -                              | -             | -                             |       |
| Fees and charges   | -              | -                              | -             | -                             |       |
| Internal charges and overheads recovered                                 | -              | -                              | -             | -                             |       |
| Local authorities fuel tax, fines, infringement fees, and other receipts | -              | -                              | -             | -                             |       |
| <b>Total operating funding (A)</b>                                       | <b>281</b>     | <b>281</b>                     | <b>295</b>    | <b>14</b>                     |       |
| <b>Applications of operating funding</b>                                 |                |                                |               |                               |       |
| Payments to staff and suppliers  | 267            | 267                            | 267           | -                             |       |
| Finance costs  | 1              | 1                              | 1             | -                             |       |
| Internal charges and overheads applied                                   | 11             | 11                             | 15            | 4                             |       |
| Other operating funding applications                                     | -              | -                              | 10            | 10                            |       |
| <b>Total applications of operating funding (B)</b>                       | <b>279</b>     | <b>279</b>                     | <b>293</b>    | <b>14</b>                     |       |
| <b>Surplus (deficit) of operating funding (A - B)</b>                    | <b>2</b>       | <b>2</b>                       | <b>2</b>      | <b>-</b>                      |       |
| <b>Sources of capital funding</b>  |                |                                |               |                               |       |
| Subsidies and grants for capital expenditure                             | -              | -                              | -             | -                             |       |
| Development and financial contributions                                  | -              | -                              | -             | -                             |       |
| Increase (decrease) in debt  | (2)            | (2)                            | (2)           | -                             |       |
| Gross proceeds from sales of assets                                      | -              | -                              | -             | -                             |       |
| Lump sum contributions   | -              | -                              | -             | -                             |       |
| <b>Total sources of capital funding (C)</b>                              | <b>(2)</b>     | <b>(2)</b>                     | <b>(2)</b>    | <b>-</b>                      |       |
| <b>Applications of capital funding</b>                                   |                |                                |               |                               |       |
| Capital expenditure  |                |                                |               |                               |       |
| - to meet additional demand  | -              | -                              | -             | -                             |       |
| - to improve the level of service  | -              | -                              | -             | -                             |       |
| - to replace existing assets   | -              | -                              | -             | -                             |       |
| Increase (decrease) in reserves  | -              | -                              | -             | -                             |       |
| Increase (decrease) in investments                                       | -              | -                              | -             | -                             |       |
| <b>Total applications of capital funding (D)</b>                         | <b>-</b>       | <b>-</b>                       | <b>-</b>      | <b>-</b>                      |       |
| <b>Surplus (deficit) of capital funding (C - D)</b>                      | <b>(2)</b>     | <b>(2)</b>                     | <b>(2)</b>    | <b>-</b>                      |       |
| <b>Funding balance ((A - B) + (C - D))</b>                               | <b>-</b>       | <b>-</b>                       | <b>-</b>      | <b>-</b>                      |       |
| <b>Expenses for this activity grouping include the following</b>         |                |                                |               |                               |       |
| depreciation/amortisation charge   | 2              | 2                              | 2             | -                             |       |

**FUNDING IMPACT STATEMENT**  
**2.1 FOR GARDENS, BEACHES AND GREEN OPEN SPACES**

|  | 2015-25<br>LTP | 2015-25<br>LTP Yr 1<br>Amended | 2016/17<br>AP  | Variance<br>to Amended<br>LTP | Notes |
|--|----------------|--------------------------------|----------------|-------------------------------|-------|
|  | \$000          | \$000                          | \$000          | \$000                         |       |
| <b>Sources of operating funding</b>                                      |                |                                |                |                               |       |
| General rates, uniform annual general charges, rates penalties           | 30,360         | 30,360                         | 34,301         | 3,941                         |       |
| Targeted rates (other than a targeted rate for water supply)             | -              | -                              | -              | -                             |       |
| Subsidies and grants for operating purposes                              | 699            | 699                            | 636            | (63)                          |       |
| Fees and charges   | 1,437          | 1,437                          | 1,465          | 28                            |       |
| Internal charges and overheads recovered                                 | 5,111          | 5,111                          | 5,203          | 92                            |       |
| Local authorities fuel tax, fines, infringement fees, and other receipts | -              | -                              | -              | -                             |       |
| <b>Total operating funding (A)</b>                                       | <b>37,607</b>  | <b>37,607</b>                  | <b>41,605</b>  | <b>3,998</b>                  |       |
| <b>Applications of operating funding</b>                                 |                |                                |                |                               |       |
| Payments to staff and suppliers  | 19,285         | 19,285                         | 19,869         | 584                           | 1     |
| Finance costs  | 1,993          | 1,993                          | 1,984          | (9)                           |       |
| Internal charges and overheads applied                                   | 12,281         | 12,281                         | 12,393         | 112                           |       |
| Other operating funding applications                                     | 120            | 120                            | 80             | (40)                          |       |
| <b>Total applications of operating funding (B)</b>                       | <b>33,679</b>  | <b>33,679</b>                  | <b>34,326</b>  | <b>647</b>                    |       |
| <b>Surplus (deficit) of operating funding (A - B)</b>                    | <b>3,928</b>   | <b>3,928</b>                   | <b>7,279</b>   | <b>3,351</b>                  |       |
| <b>Sources of capital funding</b>  |                |                                |                |                               |       |
| Subsidies and grants for capital expenditure                             | 650            | 650                            | -              | (650)                         | 2     |
| Development and financial contributions                                  | 183            | 183                            | 183            | -                             |       |
| Increase (decrease) in debt  | (2,129)        | (2,129)                        | (3,265)        | (1,136)                       |       |
| Gross proceeds from sales of assets                                      | -              | -                              | -              | -                             |       |
| Lump sum contributions   | -              | -                              | -              | -                             |       |
| <b>Total sources of capital funding (C)</b>                              | <b>(1,296)</b> | <b>(1,296)</b>                 | <b>(3,082)</b> | <b>(1,786)</b>                |       |
| <b>Applications of capital funding</b>                                   |                |                                |                |                               |       |
| Capital expenditure  |                |                                |                |                               |       |
| - to meet additional demand  | 70             | 70                             | -              | (70)                          |       |
| - to improve the level of service  | 1,121          | 1,121                          | 986            | (135)                         |       |
| - to replace existing assets   | 1,441          | 1,441                          | 3,211          | 1,770                         | 3     |
| Increase (decrease) in reserves  | -              | -                              | -              | -                             |       |
| Increase (decrease) in investments                                       | -              | -                              | -              | -                             |       |
| <b>Total applications of capital funding (D)</b>                         | <b>2,632</b>   | <b>2,632</b>                   | <b>4,197</b>   | <b>1,565</b>                  |       |
| <b>Surplus (deficit) of capital funding (C - D)</b>                      | <b>(3,928)</b> | <b>(3,928)</b>                 | <b>(7,279)</b> | <b>(3,351)</b>                |       |
| <b>Funding balance ((A - B) + (C - D))</b>                               | <b>-</b>       | <b>-</b>                       | <b>-</b>       | <b>-</b>                      |       |
| Expenses for this activity grouping include the following                |                |                                |                |                               |       |
| depreciation/amortisation charge   | 3,928          | 3,928                          | 7,279          | 3,351                         |       |

**Notes:**

- Increase due to additional funding for Our Natural Capital \$165k, Town Belt flora and fauna monitoring \$155k, and additional vegetation control costs \$240k.
- No funding drawdown on Plimmer Bequest funding 2016/17 Annual Plan.
- Additional funding to support the Lyall Bay Foreshore Resilience Plan \$1m, including work on Surfers Corner carpark \$236k and pipe extensions and rock riprap at the western end of the beach \$594k.

**FUNDING IMPACT STATEMENT**  
**2.2 FOR WASTE REDUCTION AND ENERGY CONSERVATION**

|  | 2015-25<br>LTP | 2015-25<br>LTP Yr 1<br>Amended | 2016/17<br>AP | Variance<br>to Amended<br>LTP | Notes |
|--|----------------|--------------------------------|---------------|-------------------------------|-------|
|  | \$000          | \$000                          | \$000         | \$000                         |       |
| <b>Sources of operating funding</b>                                      |                |                                |               |                               |       |
| General rates, uniform annual general charges, rates penalties           | 764            | 764                            | 1,393         | 629                           |       |
| Targeted rates (other than a targeted rate for water supply)             | -              | -                              | -             | -                             |       |
| Subsidies and grants for operating purposes                              | -              | -                              | -             | -                             |       |
| Fees and charges   | 12,876         | 12,876                         | 13,320        | 444                           | 1     |
| Internal charges and overheads recovered                                 | -              | -                              | -             | -                             |       |
| Local authorities fuel tax, fines, infringement fees, and other receipts | -              | -                              | -             | -                             |       |
| <b>Total operating funding (A)</b>                                       | <b>13,640</b>  | <b>13,640</b>                  | <b>14,713</b> | <b>1,073</b>                  |       |
| <b>Applications of operating funding</b>                                 |                |                                |               |                               |       |
| Payments to staff and suppliers  | 12,126         | 12,126                         | 12,456        | 330                           | 2     |
| Finance costs  | 877            | 877                            | 751           | (126)                         |       |
| Internal charges and overheads applied                                   | 56             | 56                             | 729           | 673                           | 3     |
| Other operating funding applications                                     | 255            | 255                            | 383           | 128                           |       |
| <b>Total applications of operating funding (B)</b>                       | <b>13,314</b>  | <b>13,314</b>                  | <b>14,319</b> | <b>1,005</b>                  |       |
| <b>Surplus (deficit) of operating funding (A - B)</b>                    | <b>326</b>     | <b>326</b>                     | <b>394</b>    | <b>68</b>                     |       |
| <b>Sources of capital funding</b>  |                |                                |               |                               |       |
| Subsidies and grants for capital expenditure                             | -              | -                              | -             | -                             |       |
| Development and financial contributions                                  | -              | -                              | -             | -                             |       |
| Increase (decrease) in debt  | 912            | 912                            | 857           | (55)                          |       |
| Gross proceeds from sales of assets                                      | -              | -                              | -             | -                             |       |
| Lump sum contributions   | -              | -                              | -             | -                             |       |
| <b>Total sources of capital funding (C)</b>                              | <b>912</b>     | <b>912</b>                     | <b>857</b>    | <b>(55)</b>                   |       |
| <b>Applications of capital funding</b>                                   |                |                                |               |                               |       |
| Capital expenditure  | -              | -                              | -             | -                             |       |
| - to meet additional demand  | -              | -                              | -             | -                             |       |
| - to improve the level of service  | -              | -                              | -             | -                             |       |
| - to replace existing assets   | 1,238          | 1,238                          | 1,251         | 13                            |       |
| Increase (decrease) in reserves  | -              | -                              | -             | -                             |       |
| Increase (decrease) in investments                                       | -              | -                              | -             | -                             |       |
| <b>Total applications of capital funding (D)</b>                         | <b>1,238</b>   | <b>1,238</b>                   | <b>1,251</b>  | <b>13</b>                     |       |
| <b>Surplus (deficit) of capital funding (C - D)</b>                      | <b>(326)</b>   | <b>(326)</b>                   | <b>(394)</b>  | <b>(68)</b>                   |       |
| <b>Funding balance ((A - B) + (C - D))</b>                               | <b>-</b>       | <b>-</b>                       | <b>-</b>      | <b>-</b>                      |       |
| <b>Expenses for this activity grouping include the following</b>         |                |                                |               |                               |       |
| depreciation/amortisation charge   | 326            | 326                            | 394           | 68                            |       |

**Notes:**

1. Reflects increase in release of Waste Minimisation Levy to offset landfill costs.
2. Costs have increased within this activity as a result of inflationary and other contractual pressures.
3. Increase due to reallocation of organisational overhead costs to better align to the cost of services provided within the Activity.

**FUNDING IMPACT STATEMENT**  
**2.3 FOR WATER**

|   | 2015-25<br>LTP  | 2015-25<br>LTP Yr 1<br>Amended | 2016/17<br>AP   | Variance<br>to Amended<br>LTP | Notes |
|---|-----------------|--------------------------------|-----------------|-------------------------------|-------|
|   | \$000           | \$000                          | \$000           | \$000                         |       |
| <b>Sources of operating funding</b>   |                 |                                |                 |                               |       |
| General rates, uniform annual general charges, rates penalties                                | -               | -                              | -               | -                             |       |
| Targeted rates (other than a targeted rate for water supply)                                  | 38,291          | 38,291                         | 39,921          | 1,630                         |       |
| Subsidies and grants for operating purposes   | -               | -                              | -               | -                             |       |
| Fees and charges  | 35              | 35                             | 35              | -                             |       |
| Internal charges and overheads recovered  | -               | -                              | -               | -                             |       |
| Local authorities fuel tax, fines, infringement fees, and other receipts                      | -               | -                              | -               | -                             |       |
| <b>Total operating funding (A)</b>  | <b>38,326</b>   | <b>38,326</b>                  | <b>39,956</b>   | <b>1,630</b>                  |       |
| <b>Applications of operating funding</b>  |                 |                                |                 |                               |       |
| Payments to staff and suppliers   | 22,501          | 22,501                         | 23,383          | 882                           | 1     |
| Finance costs   | 2,100           | 2,100                          | 2,104           | 4                             |       |
| Internal charges and overheads applied  | 1,443           | 1,443                          | 1,602           | 159                           | 2     |
| Other operating funding applications  | -               | -                              | -               | -                             |       |
| <b>Total applications of operating funding (B)</b>  | <b>26,044</b>   | <b>26,044</b>                  | <b>27,089</b>   | <b>1,045</b>                  |       |
| <b>Surplus (deficit) of operating funding (A - B)</b>   | <b>12,282</b>   | <b>12,282</b>                  | <b>12,867</b>   | <b>585</b>                    |       |
| <b>Sources of capital funding</b>   |                 |                                |                 |                               |       |
| Subsidies and grants for capital expenditure  | -               | -                              | -               | -                             |       |
| Development and financial contributions   | 671             | 671                            | 671             | -                             |       |
| Increase (decrease) in debt   | 3,999           | 3,999                          | 1,397           | (2,602)                       |       |
| Gross proceeds from sales of assets   | -               | -                              | -               | -                             |       |
| Lump sum contributions  | -               | -                              | -               | -                             |       |
| <b>Total sources of capital funding (C)</b>   | <b>4,670</b>    | <b>4,670</b>                   | <b>2,068</b>    | <b>(2,602)</b>                |       |
| <b>Applications of capital funding</b>  |                 |                                |                 |                               |       |
| Capital expenditure   |                 |                                |                 |                               |       |
| - to meet additional demand   | 563             | 563                            | 538             | (25)                          |       |
| - to improve the level of service   | 3,038           | 3,038                          | 3,375           | 337                           | 3     |
| - to replace existing assets  | 13,351          | 13,351                         | 11,022          | (2,329)                       | 4     |
| Increase (decrease) in reserves   | -               | -                              | -               | -                             |       |
| Increase (decrease) in investments  | -               | -                              | -               | -                             |       |
| <b>Total applications of capital funding (D)</b>  | <b>16,952</b>   | <b>16,952</b>                  | <b>14,935</b>   | <b>(2,017)</b>                |       |
| <b>Surplus (deficit) of capital funding (C - D)</b>   | <b>(12,282)</b> | <b>(12,282)</b>                | <b>(12,867)</b> | <b>(585)</b>                  |       |
| <b>Funding balance ((A - B) + (C - D))</b>  | <b>-</b>        | <b>-</b>                       | <b>-</b>        | <b>-</b>                      |       |
| Expenses for this activity grouping include the following<br>depreciation/amortisation charge | 12,282          | 12,282                         | 12,867          | 585                           |       |

**Notes:**

1. Costs have increased due to a rise in bulk water costs from GWRC \$800k.
2. Increase due to reallocation of organisational overhead costs to better align to the cost of services provided within the Activity.
3. Funding for the upgrade of water meters across Wellington.
4. The variance is a result of the availability and use of improved asset information and asset management systems, these systems have resulted in better informed renewals spend.

**FUNDING IMPACT STATEMENT**  
**2.4 FOR WASTEWATER**

|  | 2015-25<br>LTP  | 2015-25<br>LTP Yr 1<br>Amended | 2016/17<br>AP   | Variance<br>to Amended<br>LTP | Notes |
|--|-----------------|--------------------------------|-----------------|-------------------------------|-------|
|  | \$000           | \$000                          | \$000           | \$000                         |       |
| <b>Sources of operating funding</b>                                      |                 |                                |                 |                               |       |
| General rates, uniform annual general charges, rates penalties           | -               | -                              | -               | -                             |       |
| Targeted rates (other than a targeted rate for water supply)             | 37,425          | 37,425                         | 39,393          | 1,968                         |       |
| Subsidies and grants for operating purposes                              | -               | -                              | -               | -                             |       |
| Fees and charges   | 1,233           | 1,233                          | 1,244           | 11                            |       |
| Internal charges and overheads recovered                                 | -               | -                              | -               | -                             |       |
| Local authorities fuel tax, fines, infringement fees, and other receipts | -               | -                              | -               | -                             |       |
| <b>Total operating funding (A)</b>                                       | <b>38,658</b>   | <b>38,658</b>                  | <b>40,637</b>   | <b>1,979</b>                  |       |
| <b>Applications of operating funding</b>                                 |                 |                                |                 |                               |       |
| Payments to staff and suppliers  | 21,117          | 21,117                         | 21,671          | 554                           | 1     |
| Finance costs  | 3,741           | 3,741                          | 3,833           | 92                            |       |
| Internal charges and overheads applied                                   | 3,525           | 3,525                          | 4,481           | 956                           | 2     |
| Other operating funding applications                                     | -               | -                              | -               | -                             |       |
| <b>Total applications of operating funding (B)</b>                       | <b>28,383</b>   | <b>28,383</b>                  | <b>29,985</b>   | <b>1,602</b>                  |       |
| <b>Surplus (deficit) of operating funding (A - B)</b>                    | <b>10,275</b>   | <b>10,275</b>                  | <b>10,652</b>   | <b>377</b>                    |       |
| <b>Sources of capital funding</b>  |                 |                                |                 |                               |       |
| Subsidies and grants for capital expenditure                             | -               | -                              | -               | -                             |       |
| Development and financial contributions                                  | 549             | 549                            | 549             | -                             |       |
| Increase (decrease) in debt  | (343)           | (343)                          | 125             | 468                           |       |
| Gross proceeds from sales of assets                                      | -               | -                              | -               | -                             |       |
| Lump sum contributions   | -               | -                              | -               | -                             |       |
| <b>Total sources of capital funding (C)</b>                              | <b>206</b>      | <b>206</b>                     | <b>674</b>      | <b>468</b>                    |       |
| <b>Applications of capital funding</b>                                   |                 |                                |                 |                               |       |
| Capital expenditure  |                 |                                |                 |                               |       |
| - to meet additional demand  | 223             | 223                            | 230             | 7                             |       |
| - to improve the level of service  | -               | -                              | 316             | 316                           | 3     |
| - to replace existing assets   | 10,258          | 10,258                         | 10,780          | 522                           | 3     |
| Increase (decrease) in reserves  | -               | -                              | -               | -                             |       |
| Increase (decrease) in investments                                       | -               | -                              | -               | -                             |       |
| <b>Total applications of capital funding (D)</b>                         | <b>10,481</b>   | <b>10,481</b>                  | <b>11,326</b>   | <b>845</b>                    |       |
| <b>Surplus (deficit) of capital funding (C - D)</b>                      | <b>(10,275)</b> | <b>(10,275)</b>                | <b>(10,652)</b> | <b>(377)</b>                  |       |
| <b>Funding balance ((A - B) + (C - D))</b>                               | <b>-</b>        | <b>-</b>                       | <b>-</b>        | <b>-</b>                      |       |
| <b>Expenses for this activity grouping include the following</b>         |                 |                                |                 |                               |       |
| depreciation/amortisation charge   | 13,428          | 13,428                         | 13,893          | 465                           |       |

**Notes:**

1. Costs have increased within this activity as a result of inflationary and other contractual pressures.
2. Increase due to reallocation of organisational overhead costs to better align to the cost of services provided within the Activity.
3. Budget increased to improve the resilience of the wastewater network.

**FUNDING IMPACT STATEMENT**  
**2.5 FOR STORMWATER**

|   | 2015-25<br>LTP | 2015-25<br>LTP Yr 1<br>Amended | 2016/17<br>AP  | Variance<br>to Amended<br>LTP | Notes |
|---|----------------|--------------------------------|----------------|-------------------------------|-------|
|   | \$000          | \$000                          | \$000          | \$000                         |       |
| <b>Sources of operating funding</b>   |                |                                |                |                               |       |
| General rates, uniform annual general charges, rates penalties                                | -              | -                              | -              | -                             |       |
| Targeted rates (other than a targeted rate for water supply)                                  | 17,442         | 17,442                         | 17,691         | 249                           |       |
| Subsidies and grants for operating purposes   | 136            | 136                            | 125            | (11)                          |       |
| Fees and charges  | 10             | 10                             | 10             | -                             |       |
| Internal charges and overheads recovered  | -              | -                              | -              | -                             |       |
| Local authorities fuel tax, fines, infringement fees, and other receipts                      | -              | -                              | -              | -                             |       |
| <b>Total operating funding (A)</b>  | <b>17,588</b>  | <b>17,588</b>                  | <b>17,826</b>  | <b>238</b>                    |       |
| <b>Applications of operating funding</b>  |                |                                |                |                               |       |
| Payments to staff and suppliers   | 7,131          | 7,131                          | 7,157          | 26                            |       |
| Finance costs   | 2,904          | 2,904                          | 2,890          | (14)                          |       |
| Internal charges and overheads applied  | 1,501          | 1,501                          | 1,536          | 35                            |       |
| Other operating funding applications  | -              | -                              | -              | -                             |       |
| <b>Total applications of operating funding (B)</b>  | <b>11,536</b>  | <b>11,536</b>                  | <b>11,583</b>  | <b>47</b>                     |       |
| <b>Surplus (deficit) of operating funding (A - B)</b>   | <b>6,052</b>   | <b>6,052</b>                   | <b>6,243</b>   | <b>191</b>                    |       |
| <b>Sources of capital funding</b>   |                |                                |                |                               |       |
| Subsidies and grants for capital expenditure  | -              | -                              | -              | -                             |       |
| Development and financial contributions   | 58             | 58                             | 58             | -                             |       |
| Increase (decrease) in debt   | (1,654)        | (1,654)                        | 719            | 2,373                         |       |
| Gross proceeds from sales of assets   | -              | -                              | -              | -                             |       |
| Lump sum contributions  | -              | -                              | -              | -                             |       |
| <b>Total sources of capital funding (C)</b>   | <b>(1,596)</b> | <b>(1,596)</b>                 | <b>777</b>     | <b>2,373</b>                  |       |
| <b>Applications of capital funding</b>  |                |                                |                |                               |       |
| Capital expenditure   |                |                                |                |                               |       |
| - to meet additional demand   | 161            | 161                            | 237            | 76                            |       |
| - to improve the level of service   | 1,501          | 1,501                          | 4,550          | 3,049                         | 1     |
| - to replace existing assets  | 2,794          | 2,794                          | 2,233          | (561)                         | 2     |
| Increase (decrease) in reserves   | -              | -                              | -              | -                             |       |
| Increase (decrease) in investments  | -              | -                              | -              | -                             |       |
| <b>Total applications of capital funding (D)</b>  | <b>4,456</b>   | <b>4,456</b>                   | <b>7,020</b>   | <b>2,564</b>                  |       |
| <b>Surplus (deficit) of capital funding (C - D)</b>   | <b>(6,052)</b> | <b>(6,052)</b>                 | <b>(6,243)</b> | <b>(191)</b>                  |       |
| <b>Funding balance ((A - B) + (C - D))</b>  | <b>-</b>       | <b>-</b>                       | <b>-</b>       | <b>-</b>                      |       |
| Expenses for this activity grouping include the following<br>depreciation/amortisation charge | 6,052          | 6,052                          | 6,243          | 191                           |       |

**Notes:**

1. Budget increased to improve the resilience and ability of the stormwater network to respond to significant weather events.

2. The variance is a result of the availability and use of improved asset information and asset management systems, these systems have resulted in better informed renewals spend.

**FUNDING IMPACT STATEMENT**  
**2.6 FOR CONSERVATION ATTRACTIONS**

|  | 2015-25<br>LTP | 2015-25<br>LTP Yr 1<br>Amended | 2016/17<br>AP  | Variance<br>to Amended<br>LTP | Notes |
|--|----------------|--------------------------------|----------------|-------------------------------|-------|
|  | \$000          | \$000                          | \$000          | \$000                         |       |
| <b>Sources of operating funding</b>                                      |                |                                |                |                               |       |
| General rates, uniform annual general charges, rates penalties           | 6,459          | 6,459                          | 6,818          | 359                           |       |
| Targeted rates (other than a targeted rate for water supply)             | -              | -                              | -              | -                             |       |
| Subsidies and grants for operating purposes                              | -              | -                              | -              | -                             |       |
| Fees and charges   | -              | -                              | -              | -                             |       |
| Internal charges and overheads recovered                                 | -              | -                              | -              | -                             |       |
| Local authorities fuel tax, fines, infringement fees, and other receipts | -              | -                              | -              | -                             |       |
| <b>Total operating funding (A)</b>                                       | <b>6,459</b>   | <b>6,459</b>                   | <b>6,818</b>   | <b>359</b>                    |       |
| <b>Applications of operating funding</b>                                 |                |                                |                |                               |       |
| Payments to staff and suppliers  | 214            | 214                            | 216            | 2                             |       |
| Finance costs  | 748            | 748                            | 787            | 39                            |       |
| Internal charges and overheads applied                                   | 286            | 286                            | 260            | (26)                          |       |
| Other operating funding applications                                     | 3,689          | 3,689                          | 3,759          | 70                            |       |
| <b>Total applications of operating funding (B)</b>                       | <b>4,937</b>   | <b>4,937</b>                   | <b>5,022</b>   | <b>85</b>                     |       |
| <b>Surplus (deficit) of operating funding (A - B)</b>                    | <b>1,522</b>   | <b>1,522</b>                   | <b>1,796</b>   | <b>274</b>                    |       |
| <b>Sources of capital funding</b>  |                |                                |                |                               |       |
| Subsidies and grants for capital expenditure                             | 126            | 126                            | -              | (126)                         |       |
| Development and financial contributions                                  | -              | -                              | -              | -                             |       |
| Increase (decrease) in debt  | (332)          | (332)                          | (979)          | (647)                         |       |
| Gross proceeds from sales of assets                                      | -              | -                              | -              | -                             |       |
| Lump sum contributions   | -              | -                              | -              | -                             |       |
| <b>Total sources of capital funding (C)</b>                              | <b>(206)</b>   | <b>(206)</b>                   | <b>(979)</b>   | <b>(773)</b>                  |       |
| <b>Applications of capital funding</b>                                   |                |                                |                |                               |       |
| Capital expenditure  |                |                                |                |                               |       |
| - to meet additional demand  | -              | -                              | -              | -                             |       |
| - to improve the level of service  | 516            | 516                            | -              | (516)                         | 1     |
| - to replace existing assets   | 800            | 800                            | 817            | 17                            |       |
| Increase (decrease) in reserves  | -              | -                              | -              | -                             |       |
| Increase (decrease) in investments                                       | -              | -                              | -              | -                             |       |
| <b>Total applications of capital funding (D)</b>                         | <b>1,316</b>   | <b>1,316</b>                   | <b>817</b>     | <b>(499)</b>                  |       |
| <b>Surplus (deficit) of capital funding (C - D)</b>                      | <b>(1,522)</b> | <b>(1,522)</b>                 | <b>(1,796)</b> | <b>(274)</b>                  |       |
| <b>Funding balance ((A - B) + (C - D))</b>                               | <b>-</b>       | <b>-</b>                       | <b>-</b>       | <b>-</b>                      |       |
| <b>Expenses for this activity grouping include the following</b>         |                |                                |                |                               |       |
| depreciation/amortisation charge   | 1,522          | 1,522                          | 1,796          | 274                           |       |

**Notes:**

1. No zoo upgrades budgeted in 2016/17 Annual Plan year.

**FUNDING IMPACT STATEMENT**  
**3.1 FOR CITY PROMOTIONS AND BUSINESS SUPPORT**

|  | 2015-25<br>LTP | 2015-25<br>LTP Yr 1<br>Amended | 2016/17<br>AP  | Variance<br>to Amended<br>LTP | Notes |
|--|----------------|--------------------------------|----------------|-------------------------------|-------|
|  | \$000          | \$000                          | \$000          | \$000                         |       |
| <b>Sources of operating funding</b>                                      |                |                                |                |                               |       |
| General rates, uniform annual general charges, rates penalties           | 4,610          | 4,610                          | 5,044          | 434                           |       |
| Targeted rates (other than a targeted rate for water supply)             | 15,226         | 15,226                         | 15,002         | (224)                         |       |
| Subsidies and grants for operating purposes                              | -              | -                              | 1,231          | 1,231                         | 1     |
| Fees and charges   | 14,365         | 14,365                         | 14,369         | 4                             |       |
| Internal charges and overheads recovered                                 | -              | -                              | -              | -                             |       |
| Local authorities fuel tax, fines, infringement fees, and other receipts | -              | -                              | -              | -                             |       |
| <b>Total operating funding (A)</b>                                       | <b>34,201</b>  | <b>34,201</b>                  | <b>35,646</b>  | <b>1,445</b>                  |       |
| <b>Applications of operating funding</b>                                 |                |                                |                |                               |       |
| Payments to staff and suppliers  | 21,483         | 21,483                         | 21,857         | 374                           | 2     |
| Finance costs  | 736            | 736                            | 1,747          | 1,011                         | 3     |
| Internal charges and overheads applied                                   | 939            | 939                            | 756            | (183)                         |       |
| Other operating funding applications                                     | 12,248         | 12,248                         | 17,048         | 4,800                         | 4     |
| <b>Total applications of operating funding (B)</b>                       | <b>35,406</b>  | <b>35,406</b>                  | <b>41,408</b>  | <b>6,002</b>                  |       |
| <b>Surplus (deficit) of operating funding (A - B)</b>                    | <b>(1,205)</b> | <b>(1,205)</b>                 | <b>(5,762)</b> | <b>(4,557)</b>                |       |
| <b>Sources of capital funding</b>  |                |                                |                |                               |       |
| Subsidies and grants for capital expenditure                             | -              | -                              | -              | -                             |       |
| Development and financial contributions                                  | -              | -                              | -              | -                             |       |
| Increase (decrease) in debt  | 3,420          | 24,920                         | 27,059         | 2,139                         |       |
| Gross proceeds from sales of assets                                      | -              | -                              | -              | -                             |       |
| Lump sum contributions   | -              | -                              | -              | -                             |       |
| <b>Total sources of capital funding (C)</b>                              | <b>3,420</b>   | <b>24,920</b>                  | <b>27,059</b>  | <b>2,139</b>                  |       |
| <b>Applications of capital funding</b>                                   |                |                                |                |                               |       |
| Capital expenditure  | -              | -                              | -              | -                             |       |
| - to meet additional demand  | -              | -                              | -              | -                             |       |
| - to improve the level of service  | -              | 21,500                         | 19,538         | (1,962)                       | 5     |
| - to replace existing assets   | 2,215          | 2,215                          | 1,759          | (456)                         | 6     |
| Increase (decrease) in reserves  | -              | -                              | -              | -                             |       |
| Increase (decrease) in investments                                       | -              | -                              | -              | -                             |       |
| <b>Total applications of capital funding (D)</b>                         | <b>2,215</b>   | <b>23,715</b>                  | <b>21,297</b>  | <b>(2,418)</b>                |       |
| <b>Surplus (deficit) of capital funding (C - D)</b>                      | <b>1,205</b>   | <b>1,205</b>                   | <b>5,762</b>   | <b>4,557</b>                  |       |
| <b>Funding balance ((A - B) + (C - D))</b>                               | <b>-</b>       | <b>-</b>                       | <b>-</b>       | <b>-</b>                      |       |
| <b>Expenses for this activity grouping include the following</b>         |                |                                |                |                               |       |
| depreciation/amortisation charge   | 1,795          | 1,795                          | 1,813          | 18                            |       |

**Notes:**

- Funding income to offset the rates impact of the build phase of the proposed Convention Centre.
- Additional budget funding for the proposed Convention Centre \$220k, international relations funding \$50k, and to show the cost to WCC of the new Kilbirnie Business Improvement District \$80k.
- Interest costs for the building of the proposed Convention Centre.
- Grant to Westpac Regional Stadium Trust for stadium improvements and maintenance.
- Funding for Year 2 of proposed Convention Centre construction programme.
- Total budget 2015/16 and 2016/17 includes Wellington venues renewals \$1.3m, and funding 2016/17 for replacement of the TSB Arena floor \$380k. Budgeted works 2015/16 included funding for replacing the HVAC system at St James Theatre \$930k.

**FUNDING IMPACT STATEMENT**  
**4.1 FOR ARTS AND CULTURE ACTIVITIES**

|  | 2015-25<br>LTP | 2015-25<br>LTP Yr 1<br>Amended | 2016/17<br>AP | Variance<br>to Amended<br>LTP | Notes |
|--|----------------|--------------------------------|---------------|-------------------------------|-------|
|  | \$000          | \$000                          | \$000         | \$000                         |       |
| <b>Sources of operating funding</b>                                      |                |                                |               |                               |       |
| General rates, uniform annual general charges, rates penalties           | 13,008         | 13,008                         | 13,795        | 787                           |       |
| Targeted rates (other than a targeted rate for water supply)             | 5,148          | 5,148                          | 5,542         | 394                           |       |
| Subsidies and grants for operating purposes                              | 410            | 410                            | 976           | 566                           | 1     |
| Fees and charges   | 577            | 577                            | 588           | 11                            |       |
| Internal charges and overheads recovered                                 | -              | -                              | -             | -                             |       |
| Local authorities fuel tax, fines, infringement fees, and other receipts | -              | -                              | -             | -                             |       |
| <b>Total operating funding (A)</b>                                       | <b>19,143</b>  | <b>19,143</b>                  | <b>20,901</b> | <b>1,758</b>                  |       |
| <b>Applications of operating funding</b>                                 |                |                                |               |                               |       |
| Payments to staff and suppliers  | 4,072          | 4,072                          | 4,474         | 402                           | 2     |
| Finance costs  | 276            | 276                            | 850           | 574                           | 3     |
| Internal charges and overheads applied                                   | 1,024          | 1,024                          | 1,132         | 108                           |       |
| Other operating funding applications                                     | 13,101         | 13,101                         | 13,603        | 502                           | 4     |
| <b>Total applications of operating funding (B)</b>                       | <b>18,473</b>  | <b>18,473</b>                  | <b>20,059</b> | <b>1,586</b>                  |       |
| <b>Surplus (deficit) of operating funding (A - B)</b>                    | <b>670</b>     | <b>670</b>                     | <b>842</b>    | <b>172</b>                    |       |
| <b>Sources of capital funding</b>  |                |                                |               |                               |       |
| Subsidies and grants for capital expenditure                             | 1,914          | 1,914                          | -             | (1,914)                       |       |
| Development and financial contributions                                  | -              | -                              | -             | -                             |       |
| Increase (decrease) in debt  | (363)          | (363)                          | 33,587        | 33,950                        |       |
| Gross proceeds from sales of assets                                      | -              | -                              | -             | -                             |       |
| Lump sum contributions   | -              | -                              | -             | -                             |       |
| <b>Total sources of capital funding (C)</b>                              | <b>1,551</b>   | <b>1,551</b>                   | <b>33,587</b> | <b>32,036</b>                 |       |
| <b>Applications of capital funding</b>                                   |                |                                |               |                               |       |
| Capital expenditure  | -              | -                              | -             | -                             |       |
| - to meet additional demand  | -              | -                              | -             | -                             |       |
| - to improve the level of service  | 2,119          | 2,119                          | 34,427        | 32,308                        | 5     |
| - to replace existing assets   | 102            | 102                            | 2             | (100)                         |       |
| Increase (decrease) in reserves  | -              | -                              | -             | -                             |       |
| Increase (decrease) in investments                                       | -              | -                              | -             | -                             |       |
| <b>Total applications of capital funding (D)</b>                         | <b>2,221</b>   | <b>2,221</b>                   | <b>34,429</b> | <b>32,208</b>                 |       |
| <b>Surplus (deficit) of capital funding (C - D)</b>                      | <b>(670)</b>   | <b>(670)</b>                   | <b>(842)</b>  | <b>(172)</b>                  |       |
| <b>Funding balance ((A - B) + (C - D))</b>                               | <b>-</b>       | <b>-</b>                       | <b>-</b>      | <b>-</b>                      |       |
| <b>Expenses for this activity grouping include the following</b>         |                |                                |               |                               |       |
| depreciation/amortisation charge   | 670            | 670                            | 842           | 172                           |       |

**Notes:**

- Funding income to offset the rates impact of the build phase of the proposed Movie Museum.
- Budget increase due to extra funding for Toi Poneke \$140k, and funding for a new flagship outdoor events series \$200k.
- Interest costs for the building of the proposed Movie Museum.
- Funding increased for Cultural Grants Pool \$275k, additional contribution of \$40k to Katherine Mansfield Birthplace Society for promotion of literature-related activities in Wellington, and an increase to the Wellington Museums Grant \$270k.
- Funding for construction of the proposed Movie Museum.

**FUNDING IMPACT STATEMENT**  
**5.1 FOR RECREATION PROMOTION AND SUPPORT**

|  | 2015-25<br>LTP | 2015-25<br>LTP Yr 1<br>Amended | 2016/17<br>AP  | Variance<br>to Amended<br>LTP | Notes |
|--|----------------|--------------------------------|----------------|-------------------------------|-------|
|  | \$000          | \$000                          | \$000          | \$000                         |       |
| <b>Sources of operating funding</b>                                      |                |                                |                |                               |       |
| General rates, uniform annual general charges, rates penalties           | 25,083         | 25,083                         | 25,751         | 668                           |       |
| Targeted rates (other than a targeted rate for water supply)             | 1,088          | 1,088                          | 1,191          | 103                           |       |
| Subsidies and grants for operating purposes                              | 200            | 200                            | 204            | 4                             |       |
| Fees and charges   | 11,547         | 11,547                         | 11,847         | 300                           | 1     |
| Internal charges and overheads recovered                                 | 1,116          | 1,116                          | 1,136          | 20                            |       |
| Local authorities fuel tax, fines, infringement fees, and other receipts | -              | -                              | -              | -                             |       |
| <b>Total operating funding (A)</b>                                       | <b>39,034</b>  | <b>39,034</b>                  | <b>40,129</b>  | <b>1,095</b>                  |       |
| <b>Applications of operating funding</b>                                 |                |                                |                |                               |       |
| Payments to staff and suppliers  | 17,953         | 17,953                         | 18,953         | 1,000                         | 2     |
| Finance costs  | 3,615          | 3,615                          | 3,795          | 180                           |       |
| Internal charges and overheads applied                                   | 9,214          | 9,214                          | 8,979          | (235)                         | 3     |
| Other operating funding applications                                     | 663            | 663                            | 678            | 15                            |       |
| <b>Total applications of operating funding (B)</b>                       | <b>31,445</b>  | <b>31,445</b>                  | <b>32,405</b>  | <b>960</b>                    |       |
| <b>Surplus (deficit) of operating funding (A - B)</b>                    | <b>7,589</b>   | <b>7,589</b>                   | <b>7,724</b>   | <b>135</b>                    |       |
| <b>Sources of capital funding</b>  |                |                                |                |                               |       |
| Subsidies and grants for capital expenditure                             | -              | -                              | -              | -                             |       |
| Development and financial contributions                                  | -              | -                              | -              | -                             |       |
| Increase (decrease) in debt  | 736            | 736                            | 230            | (506)                         |       |
| Gross proceeds from sales of assets                                      | -              | -                              | -              | -                             |       |
| Lump sum contributions   | -              | -                              | -              | -                             |       |
| <b>Total sources of capital funding (C)</b>                              | <b>736</b>     | <b>736</b>                     | <b>230</b>     | <b>(506)</b>                  |       |
| <b>Applications of capital funding</b>                                   |                |                                |                |                               |       |
| Capital expenditure  |                |                                |                |                               |       |
| - to meet additional demand  | -              | -                              | -              | -                             |       |
| - to improve the level of service  | 1,476          | 1,476                          | 2,151          | 675                           | 4     |
| - to replace existing assets   | 6,849          | 6,849                          | 5,803          | (1,046)                       | 5     |
| Increase (decrease) in reserves  | -              | -                              | -              | -                             |       |
| Increase (decrease) in investments                                       | -              | -                              | -              | -                             |       |
| <b>Total applications of capital funding (D)</b>                         | <b>8,325</b>   | <b>8,325</b>                   | <b>7,954</b>   | <b>(371)</b>                  |       |
| <b>Surplus (deficit) of capital funding (C - D)</b>                      | <b>(7,589)</b> | <b>(7,589)</b>                 | <b>(7,724)</b> | <b>(135)</b>                  |       |
| <b>Funding balance ((A - B) + (C - D))</b>                               | <b>-</b>       | <b>-</b>                       | <b>-</b>       | <b>-</b>                      |       |
| Expenses for this activity grouping include the following                |                |                                |                |                               |       |
| depreciation/amortisation charge   | 7,589          | 7,589                          | 7,724          | 135                           |       |

**Notes:**

- Increase due to inflationary effect on revenue.
- Budget increase due to increase in staffing levels across the recreation centre and swimming pool network to meet health and safety requirements \$625k, plus other inflationary pressures.
- Decrease due to reallocation of organisational overhead costs to better align to the cost of services provided within the Activity.
- Funding included in 2016/17 Annual Plan for development of Martin Luckie Park as a training facility for elite sport in Wellington \$500k.
- Budgeted funding for Basin Reserve Master Plan renewals programme \$3m, Hataitai Park re-surfacing \$275k, and renewal of Freyberg Pool facilities \$1.8m.

**FUNDING IMPACT STATEMENT**  
**5.2 FOR COMMUNITY SUPPORT**

|  | 2015-25<br>LTP  | 2015-25<br>LTP Yr 1<br>Amended | 2016/17<br>AP  | Variance<br>to Amended<br>LTP | Notes |
|--|-----------------|--------------------------------|----------------|-------------------------------|-------|
|  | \$000           | \$000                          | \$000          | \$000                         |       |
| <b>Sources of operating funding</b>                                      |                 |                                |                |                               |       |
| General rates, uniform annual general charges, rates penalties           | 22,792          | 22,792                         | 25,001         | 2,209                         |       |
| Targeted rates (other than a targeted rate for water supply)             | 4,250           | 4,250                          | 4,430          | 180                           |       |
| Subsidies and grants for operating purposes                              | 969             | 969                            | 934            | (35)                          |       |
| Fees and charges   | 22,869          | 22,869                         | 19,432         | (3,437)                       | 1     |
| Internal charges and overheads recovered                                 | 1,171           | 1,171                          | 1,125          | (46)                          |       |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 586             | 586                            | 547            | (39)                          |       |
| <b>Total operating funding (A)</b>                                       | <b>52,637</b>   | <b>52,637</b>                  | <b>51,469</b>  | <b>(1,168)</b>                |       |
| <b>Applications of operating funding</b>                                 |                 |                                |                |                               |       |
| Payments to staff and suppliers  | 26,470          | 26,470                         | 26,237         | (233)                         |       |
| Finance costs  | (1,632)         | (1,632)                        | (1,600)        | 32                            |       |
| Internal charges and overheads applied                                   | 11,542          | 11,542                         | 12,934         | 1,392                         | 2     |
| Other operating funding applications                                     | 4,084           | 4,084                          | 4,800          | 716                           | 3     |
| <b>Total applications of operating funding (B)</b>                       | <b>40,464</b>   | <b>40,464</b>                  | <b>42,371</b>  | <b>1,907</b>                  |       |
| <b>Surplus (deficit) of operating funding (A - B)</b>                    | <b>12,173</b>   | <b>12,173</b>                  | <b>9,098</b>   | <b>(3,075)</b>                |       |
| <b>Sources of capital funding</b>  |                 |                                |                |                               |       |
| Subsidies and grants for capital expenditure                             | 20,668          | 20,668                         | 18,082         | (2,586)                       | 4     |
| Development and financial contributions                                  | -               | -                              | -              | -                             |       |
| Increase (decrease) in debt  | (3,771)         | (3,771)                        | 24,314         | 28,085                        | 5     |
| Gross proceeds from sales of assets                                      | -               | -                              | -              | -                             |       |
| Lump sum contributions   | -               | -                              | -              | -                             |       |
| <b>Total sources of capital funding (C)</b>                              | <b>16,897</b>   | <b>16,897</b>                  | <b>42,396</b>  | <b>25,499</b>                 |       |
| <b>Applications of capital funding</b>                                   |                 |                                |                |                               |       |
| Capital expenditure  |                 |                                |                |                               |       |
| - to meet additional demand  | -               | -                              | 923            | 923                           | 5     |
| - to improve the level of service  | 26,139          | 26,139                         | 25,758         | (381)                         | 5     |
| - to replace existing assets   | 8,763           | 8,763                          | 6,731          | (2,032)                       | 5     |
| Increase (decrease) in reserves  | (5,832)         | (5,832)                        | 18,082         | 23,914                        |       |
| Increase (decrease) in investments                                       | -               | -                              | -              | -                             |       |
| <b>Total applications of capital funding (D)</b>                         | <b>29,070</b>   | <b>29,070</b>                  | <b>51,494</b>  | <b>22,424</b>                 |       |
| <b>Surplus (deficit) of capital funding (C - D)</b>                      | <b>(12,173)</b> | <b>(12,173)</b>                | <b>(9,098)</b> | <b>3,075</b>                  |       |
| <b>Funding balance ((A - B) + (C - D))</b>                               | <b>-</b>        | <b>-</b>                       | <b>-</b>       | <b>-</b>                      |       |
| <b>Expenses for this activity grouping include the following</b>         |                 |                                |                |                               |       |
| depreciation/amortisation charge   | 15,318          | 15,318                         | 15,847         | 529                           |       |

**Notes:**

- Reduction in revenue due to closure of Arlington Street social housing during redevelopment.
- Increase due to reallocation of organisational overhead costs to better align to the cost of services provided within the Activity.
- Additional funding for the Social and Recreation Grants Pool \$500k.
- Reduction in drawdown from social housing funding pool.
- Budgeted expenditure for Housing Upgrade Programme and Johnsonville Library redevelopment. Note that to date Crown funding available relating to the Housing Upgrade Programme currently exceed expenditure.

**FUNDING IMPACT STATEMENT**  
**5.3 FOR PUBLIC HEALTH AND SAFETY**

|  | 2015-25<br>LTP | 2015-25<br>LTP Yr 1<br>Amended | 2016/17<br>AP | Variance<br>to Amended<br>LTP | Notes |
|--|----------------|--------------------------------|---------------|-------------------------------|-------|
|  | \$000          | \$000                          | \$000         | \$000                         |       |
| <b>Sources of operating funding</b>                                      |                |                                |               |                               |       |
| General rates, uniform annual general charges, rates penalties           | 9,540          | 9,540                          | 9,938         | 398                           |       |
| Targeted rates (other than a targeted rate for water supply)             | -              | -                              | -             | -                             |       |
| Subsidies and grants for operating purposes                              | 25             | 25                             | -             | (25)                          |       |
| Fees and charges   | 3,993          | 3,993                          | 4,082         | 89                            |       |
| Internal charges and overheads recovered                                 | 664            | 664                            | 676           | 12                            |       |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 39             | 39                             | 39            | -                             |       |
| <b>Total operating funding (A)</b>                                       | <b>14,261</b>  | <b>14,261</b>                  | <b>14,735</b> | <b>474</b>                    |       |
| <b>Applications of operating funding</b>                                 |                |                                |               |                               |       |
| Payments to staff and suppliers  | 9,012          | 9,012                          | 8,847         | (165)                         |       |
| Finance costs  | 91             | 91                             | 93            | 2                             |       |
| Internal charges and overheads applied                                   | 4,386          | 4,386                          | 4,973         | 587                           | 1     |
| Other operating funding applications                                     | 129            | 129                            | 109           | (20)                          |       |
| <b>Total applications of operating funding (B)</b>                       | <b>13,618</b>  | <b>13,618</b>                  | <b>14,022</b> | <b>404</b>                    |       |
| <b>Surplus (deficit) of operating funding (A - B)</b>                    | <b>643</b>     | <b>643</b>                     | <b>713</b>    | <b>70</b>                     |       |
| <b>Sources of capital funding</b>  |                |                                |               |                               |       |
| Subsidies and grants for capital expenditure                             | -              | -                              | -             | -                             |       |
| Development and financial contributions                                  | -              | -                              | -             | -                             |       |
| Increase (decrease) in debt  | 1,028          | 1,028                          | 1,303         | 275                           |       |
| Gross proceeds from sales of assets                                      | -              | -                              | -             | -                             |       |
| Lump sum contributions   | -              | -                              | -             | -                             |       |
| <b>Total sources of capital funding (C)</b>                              | <b>1,028</b>   | <b>1,028</b>                   | <b>1,303</b>  | <b>275</b>                    |       |
| <b>Applications of capital funding</b>                                   |                |                                |               |                               |       |
| Capital expenditure  |                |                                |               |                               |       |
| - to meet additional demand  | -              | -                              | -             | -                             |       |
| - to improve the level of service  | 110            | 110                            | 739           | 629                           | 2     |
| - to replace existing assets   | 1,561          | 1,561                          | 1,277         | (284)                         |       |
| Increase (decrease) in reserves  | -              | -                              | -             | -                             |       |
| Increase (decrease) in investments                                       | -              | -                              | -             | -                             |       |
| <b>Total applications of capital funding (D)</b>                         | <b>1,671</b>   | <b>1,671</b>                   | <b>2,016</b>  | <b>345</b>                    |       |
| <b>Surplus (deficit) of capital funding (C - D)</b>                      | <b>(643)</b>   | <b>(643)</b>                   | <b>(713)</b>  | <b>(70)</b>                   |       |
| <b>Funding balance ((A - B) + (C - D))</b>                               | <b>-</b>       | <b>-</b>                       | <b>-</b>      | <b>-</b>                      |       |
| Expenses for this activity grouping include the following                |                |                                |               |                               |       |
| depreciation/amortisation charge   | 643            | 643                            | 713           | 70                            |       |

**Notes:**

- Increase due to reallocation of organisational overhead costs to better align to the cost of services provided within the Activity.
- Additional funding for provision of Civil Defence emergency equipment \$72k, plus new funding for the upgrade of the clubrooms at Martin Luckie Park \$250k, and upgrade of public conveniences at Alex Moore Park \$330k.

**FUNDING IMPACT STATEMENT**  
**6.1 FOR URBAN PLANNING, HERITAGE AND PUBLIC SPACES DEVELOPMENT**

|  | 2015-25<br>LTP | 2015-25<br>LTP Yr 1<br>Amended | 2016/17<br>AP | Variance<br>to Amended<br>LTP | Notes |
|--|----------------|--------------------------------|---------------|-------------------------------|-------|
|  | \$000          | \$000                          | \$000         | \$000                         |       |
| <b>Sources of operating funding</b>                                      |                |                                |               |                               |       |
| General rates, uniform annual general charges, rates penalties           | 6,896          | 6,896                          | 7,301         | 405                           |       |
| Targeted rates (other than a targeted rate for water supply)             | -              | -                              | -             | -                             |       |
| Subsidies and grants for operating purposes                              | -              | -                              | -             | -                             |       |
| Fees and charges   | 20             | 20                             | 20            | -                             |       |
| Internal charges and overheads recovered                                 | -              | -                              | 522           | 522                           |       |
| Local authorities fuel tax, fines, infringement fees, and other receipts | -              | -                              | -             | -                             |       |
| <b>Total operating funding (A)</b>                                       | <b>6,916</b>   | <b>6,916</b>                   | <b>7,843</b>  | <b>927</b>                    |       |
| <b>Applications of operating funding</b>                                 |                |                                |               |                               |       |
| Payments to staff and suppliers  | 2,857          | 2,857                          | 4,408         | 1,551                         | 1     |
| Finance costs  | 15             | 15                             | 14            | (1)                           |       |
| Internal charges and overheads applied                                   | 3,233          | 3,233                          | 2,110         | (1,123)                       | 2     |
| Other operating funding applications                                     | 800            | 800                            | 1,300         | 500                           | 3     |
| <b>Total applications of operating funding (B)</b>                       | <b>6,905</b>   | <b>6,905</b>                   | <b>7,832</b>  | <b>927</b>                    |       |
| <b>Surplus (deficit) of operating funding (A - B)</b>                    | <b>11</b>      | <b>11</b>                      | <b>11</b>     | <b>-</b>                      |       |
| <b>Sources of capital funding</b>  |                |                                |               |                               |       |
| Subsidies and grants for capital expenditure                             | -              | -                              | -             | -                             |       |
| Development and financial contributions                                  | -              | -                              | -             | -                             |       |
| Increase (decrease) in debt  | 7,607          | 7,607                          | 8,219         | 612                           |       |
| Gross proceeds from sales of assets                                      | 650            | 650                            | 2,600         | 1,950                         | 4     |
| Lump sum contributions   | -              | -                              | -             | -                             |       |
| <b>Total sources of capital funding (C)</b>                              | <b>8,257</b>   | <b>8,257</b>                   | <b>10,819</b> | <b>2,562</b>                  |       |
| <b>Applications of capital funding</b>                                   |                |                                |               |                               |       |
| Capital expenditure  | -              | -                              | -             | -                             |       |
| - to meet additional demand  | -              | -                              | -             | -                             |       |
| - to improve the level of service  | 5,702          | 5,702                          | 9,298         | 3,596                         | 5     |
| - to replace existing assets   | 2,566          | 2,566                          | 1,532         | (1,034)                       | 6     |
| Increase (decrease) in reserves  | -              | -                              | -             | -                             |       |
| Increase (decrease) in investments                                       | -              | -                              | -             | -                             |       |
| <b>Total applications of capital funding (D)</b>                         | <b>8,268</b>   | <b>8,268</b>                   | <b>10,830</b> | <b>2,562</b>                  |       |
| <b>Surplus (deficit) of capital funding (C - D)</b>                      | <b>(11)</b>    | <b>(11)</b>                    | <b>(11)</b>   | <b>-</b>                      |       |
| <b>Funding balance ((A - B) + (C - D))</b>                               | <b>-</b>       | <b>-</b>                       | <b>-</b>      | <b>-</b>                      |       |
| <b>Expenses for this activity grouping include the following</b>         |                |                                |               |                               |       |
| depreciation/amortisation charge   | 11             | 11                             | 11            | -                             |       |

**Notes:**

- Additional funding for Swan Lane and Egmont street urban lane activation projects \$200k, for reinstatement of the Akau Tangi cones on Cobham Drive \$90k, reclassification of costs from the organisation overhead pool \$255k, plus cost associated with bringing waterfront operations in-house.
- Increase due to reallocation of organisational overhead costs to better align to the cost of services provided within the Activity.
- Additional funding of \$500k for Built Heritage Incentive Fund added during 2015-25 Long-term Plan.
- Proceeds from sale of North Kumutoto waterfront carpark \$2.6m.
- Funding for development of North Kumutoto waterfront public space \$3m. Additional funding for urban lane activation projects in Swan Lane, Garrett Lane and Holland Street \$400k.
- Total budget for 2016/17 consists of funding for waterfront seawall and wharf renewals \$810k, additional budget for maintenance of the Lagoon Bridge \$150k and public street lighting \$75k, and funding for council signage \$330k.

**FUNDING IMPACT STATEMENT**  
**6.2 FOR BUILDING AND DEVELOPMENT CONTROL**

|  | 2015-25<br>LTP | 2015-25<br>LTP Yr 1<br>Amended | 2016/17<br>AP | Variance<br>to Amended<br>LTP | Notes |
|--|----------------|--------------------------------|---------------|-------------------------------|-------|
|  | \$000          | \$000                          | \$000         | \$000                         |       |
| <b>Sources of operating funding</b>                                      |                |                                |               |                               |       |
| General rates, uniform annual general charges, rates penalties           | 9,449          | 9,449                          | 9,222         | (227)                         |       |
| Targeted rates (other than a targeted rate for water supply)             | -              | -                              | -             | -                             |       |
| Subsidies and grants for operating purposes                              | -              | -                              | -             | -                             |       |
| Fees and charges   | 12,027         | 12,027                         | 11,942        | (85)                          |       |
| Internal charges and overheads recovered                                 | 224            | 224                            | 228           | 4                             |       |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 24             | 24                             | 24            | -                             |       |
| <b>Total operating funding (A)</b>                                       | <b>21,724</b>  | <b>21,724</b>                  | <b>21,416</b> | <b>(308)</b>                  |       |
| <b>Applications of operating funding</b>                                 |                |                                |               |                               |       |
| Payments to staff and suppliers  | 12,655         | 12,655                         | 12,594        | (61)                          |       |
| Finance costs  | 3              | 3                              | 3             | -                             |       |
| Internal charges and overheads applied                                   | 8,761          | 8,761                          | 8,534         | (227)                         | 1     |
| Other operating funding applications                                     | 135            | 135                            | 135           | -                             |       |
| <b>Total applications of operating funding (B)</b>                       | <b>21,554</b>  | <b>21,554</b>                  | <b>21,266</b> | <b>(288)</b>                  |       |
| <b>Surplus (deficit) of operating funding (A - B)</b>                    | <b>170</b>     | <b>170</b>                     | <b>150</b>    | <b>(20)</b>                   |       |
| <b>Sources of capital funding</b>  |                |                                |               |                               |       |
| Subsidies and grants for capital expenditure                             | -              | -                              | -             | -                             |       |
| Development and financial contributions                                  | -              | -                              | -             | -                             |       |
| Increase (decrease) in debt  | 5,770          | 5,770                          | 6,264         | 494                           |       |
| Gross proceeds from sales of assets                                      | -              | -                              | -             | -                             |       |
| Lump sum contributions   | -              | -                              | -             | -                             |       |
| <b>Total sources of capital funding (C)</b>                              | <b>5,770</b>   | <b>5,770</b>                   | <b>6,264</b>  | <b>494</b>                    |       |
| <b>Applications of capital funding</b>                                   |                |                                |               |                               |       |
| Capital expenditure  |                |                                |               |                               |       |
| - to meet additional demand  | -              | -                              | -             | -                             |       |
| - to improve the level of service  | 5,940          | 5,940                          | 6,414         | 474                           | 2     |
| - to replace existing assets   | -              | -                              | -             | -                             |       |
| Increase (decrease) in reserves  | -              | -                              | -             | -                             |       |
| Increase (decrease) in investments                                       | -              | -                              | -             | -                             |       |
| <b>Total applications of capital funding (D)</b>                         | <b>5,940</b>   | <b>5,940</b>                   | <b>6,414</b>  | <b>474</b>                    |       |
| <b>Surplus (deficit) of capital funding (C - D)</b>                      | <b>(170)</b>   | <b>(170)</b>                   | <b>(150)</b>  | <b>20</b>                     |       |
| <b>Funding balance ((A - B) + (C - D))</b>                               | <b>-</b>       | <b>-</b>                       | <b>-</b>      | <b>-</b>                      |       |
| Expenses for this activity grouping include the following                |                |                                |               |                               |       |
| depreciation/amortisation charge   | 170            | 170                            | 150           | (20)                          |       |

**Notes:**

1. Decrease due to reallocation of organisational overhead costs to better align to the cost of services provided within the Activity.
2. Additional funding for Civic Campus earthquake strengthening projects \$400k.

**FUNDING IMPACT STATEMENT**  
**7.1 FOR TRANSPORT**

|  | 2015-25<br>LTP  | 2015-25<br>LTP Yr 1<br>Amended | 2016/17<br>AP   | Variance<br>to Amended<br>LTP | Notes |
|--|-----------------|--------------------------------|-----------------|-------------------------------|-------|
|  | \$000           | \$000                          | \$000           | \$000                         |       |
| <b>Sources of operating funding</b>                                      |                 |                                |                 |                               |       |
| General rates, uniform annual general charges, rates penalties           | 32,648          | 32,648                         | 35,854          | 3,206                         |       |
| Targeted rates (other than a targeted rate for water supply)             | 33              | 33                             | 33              | -                             |       |
| Subsidies and grants for operating purposes                              | 4,046           | 4,046                          | 5,182           | 1,136                         | 1     |
| Fees and charges   | 2,042           | 2,042                          | 1,960           | (82)                          |       |
| Internal charges and overheads recovered                                 | -               | -                              | -               | -                             |       |
| Local authorities fuel tax, fines, infringement fees, and other receipts | -               | -                              | -               | -                             |       |
| <b>Total operating funding (A)</b>                                       | <b>38,769</b>   | <b>38,769</b>                  | <b>43,029</b>   | <b>4,260</b>                  |       |
| <b>Applications of operating funding</b>                                 |                 |                                |                 |                               |       |
| Payments to staff and suppliers  | 12,189          | 12,189                         | 14,148          | 1,959                         | 2     |
| Finance costs  | 5,169           | 5,169                          | 5,288           | 119                           |       |
| Internal charges and overheads applied                                   | 6,093           | 6,093                          | 7,123           | 1,030                         |       |
| Other operating funding applications                                     | 515             | 515                            | 1,260           | 745                           | 3     |
| <b>Total applications of operating funding (B)</b>                       | <b>23,966</b>   | <b>23,966</b>                  | <b>27,819</b>   | <b>3,853</b>                  |       |
| <b>Surplus (deficit) of operating funding (A - B)</b>                    | <b>14,803</b>   | <b>14,803</b>                  | <b>15,210</b>   | <b>407</b>                    |       |
| <b>Sources of capital funding</b>  |                 |                                |                 |                               |       |
| Subsidies and grants for capital expenditure                             | 12,668          | 12,668                         | 17,644          | 4,976                         |       |
| Development and financial contributions                                  | 539             | 539                            | 539             | -                             |       |
| Increase (decrease) in debt  | 10,563          | 10,563                         | 10,678          | 115                           |       |
| Gross proceeds from sales of assets                                      | -               | -                              | -               | -                             |       |
| Lump sum contributions   | -               | -                              | -               | -                             |       |
| <b>Total sources of capital funding (C)</b>                              | <b>23,770</b>   | <b>23,770</b>                  | <b>28,861</b>   | <b>5,091</b>                  |       |
| <b>Applications of capital funding</b>                                   |                 |                                |                 |                               |       |
| Capital expenditure  |                 |                                |                 |                               |       |
| - to meet additional demand  | 1,580           | 1,580                          | -               | (1,580)                       | 4     |
| - to improve the level of service  | 11,199          | 11,199                         | 19,964          | 8,765                         | 5     |
| - to replace existing assets   | 25,794          | 25,794                         | 24,955          | (839)                         |       |
| Increase (decrease) in reserves  | -               | -                              | (848)           | (848)                         |       |
| Increase (decrease) in investments                                       | -               | -                              | -               | -                             |       |
| <b>Total applications of capital funding (D)</b>                         | <b>38,573</b>   | <b>38,573</b>                  | <b>44,071</b>   | <b>5,498</b>                  |       |
| <b>Surplus (deficit) of capital funding (C - D)</b>                      | <b>(14,803)</b> | <b>(14,803)</b>                | <b>(15,210)</b> | <b>(407)</b>                  |       |
| <b>Funding balance ((A - B) + (C - D))</b>                               | <b>-</b>        | <b>-</b>                       | <b>-</b>        | <b>-</b>                      |       |
| <b>Expenses for this activity grouping include the following</b>         |                 |                                |                 |                               |       |
| depreciation/amortisation charge   | 22,646          | 22,646                         | 24,530          | 1,884                         |       |

**Notes:**

- Capital expenditure budget has resulted in a higher level of NZTA subsidy.
- Increase due to more funding for Ngauranga Gorge to Airport expressway project \$1.7m, and increased funding for network compliance items, for example signage and markings \$226k.
- Funding for replacement of Cable Car electric drive, budgeted in the 2015-25 Long-term Plan Year 2 \$2.5m, now re-phased \$1.5m into 2015/16, and \$1m 2016/17.
- No growth upgrade projects budgeted for 2016/17.
- Total 2016/17 investment in cycling infrastructure \$12m. New initiative Safer Roads project funding \$1.1m, and increased funding for roading corridor improvement projects \$600k.
- The variance is a result of the availability and use of improved asset information and asset management systems, these systems have resulted in better informed renewals spend.

**FUNDING IMPACT STATEMENT**  
**7.2 FOR PARKING**

|   | 2015-25<br>LTP | 2015-25<br>LTP Yr 1<br>Amended | 2016/17<br>AP | Variance<br>to Amended<br>LTP | Notes |
|---|----------------|--------------------------------|---------------|-------------------------------|-------|
|   | \$000          | \$000                          | \$000         | \$000                         |       |
| <b>Sources of operating funding</b>   |                |                                |               |                               |       |
| General rates, uniform annual general charges, rates penalties                                    | (14,051)       | (14,051)                       | (15,579)      | (1,528)                       |       |
| Targeted rates (other than a targeted rate for water supply)                                      | -              | -                              | -             | -                             |       |
| Subsidies and grants for operating purposes   | -              | -                              | -             | -                             |       |
| Fees and charges  | 19,899         | 19,899                         | 20,647        | 748                           | 1     |
| Internal charges and overheads recovered  | -              | -                              | -             | -                             |       |
| Local authorities fuel tax, fines, infringement fees, and other receipts                          | 7,556          | 7,556                          | 7,853         | 297                           |       |
| <b>Total operating funding (A)</b>  | <b>13,404</b>  | <b>13,404</b>                  | <b>12,921</b> | <b>(483)</b>                  |       |
| <b>Applications of operating funding</b>  |                |                                |               |                               |       |
| Payments to staff and suppliers   | 10,346         | 10,346                         | 10,263        | (83)                          |       |
| Finance costs   | 479            | 479                            | 584           | 105                           |       |
| Internal charges and overheads applied  | 1,987          | 1,987                          | 2,021         | 34                            |       |
| Other operating funding applications  | 1              | 1                              | 1             | -                             |       |
| <b>Total applications of operating funding (B)</b>  | <b>12,813</b>  | <b>12,813</b>                  | <b>12,869</b> | <b>56</b>                     |       |
| <b>Surplus (deficit) of operating funding (A - B)</b>   | <b>591</b>     | <b>591</b>                     | <b>52</b>     | <b>(539)</b>                  |       |
| <b>Sources of capital funding</b>   |                |                                |               |                               |       |
| Subsidies and grants for capital expenditure  | -              | -                              | -             | -                             |       |
| Development and financial contributions   | -              | -                              | -             | -                             |       |
| Increase (decrease) in debt   | 858            | 858                            | 444           | (414)                         |       |
| Gross proceeds from sales of assets   | -              | -                              | -             | -                             |       |
| Lump sum contributions  | -              | -                              | -             | -                             |       |
| <b>Total sources of capital funding (C)</b>   | <b>858</b>     | <b>858</b>                     | <b>444</b>    | <b>(414)</b>                  |       |
| <b>Applications of capital funding</b>  |                |                                |               |                               |       |
| Capital expenditure   |                |                                |               |                               |       |
| - to meet additional demand   | -              | -                              | -             | -                             |       |
| - to improve the level of service   | 1,449          | 1,449                          | 496           | (953)                         | 2     |
| - to replace existing assets  | -              | -                              | -             | -                             |       |
| Increase (decrease) in reserves   | -              | -                              | -             | -                             |       |
| Increase (decrease) in investments  | -              | -                              | -             | -                             |       |
| <b>Total applications of capital funding (D)</b>  | <b>1,449</b>   | <b>1,449</b>                   | <b>496</b>    | <b>(953)</b>                  |       |
| <b>Surplus (deficit) of capital funding (C - D)</b>   | <b>(591)</b>   | <b>(591)</b>                   | <b>(52)</b>   | <b>539</b>                    |       |
| <b>Funding balance ((A - B) + (C - D))</b>  | <b>-</b>       | <b>-</b>                       | <b>-</b>      | <b>-</b>                      |       |
| <b>Expenses for this activity grouping include the following depreciation/amortisation charge</b> |                |                                |               |                               |       |
|   | 591            | 591                            | 52            | (539)                         |       |

**Notes:**

1. Increase due to movement of carparking revenue from Activity 1.1 to 7.2 \$320k, and inflationary effect on revenue \$420k.
2. Funding for phase 2 of parking sensor roll-out \$300k (phase 1 2015-25 Long-term Plan \$1.45m), and roadside parking improvements \$105k.

**FUNDING IMPACT STATEMENT**  
10.1 FOR ORGANISATIONAL

|  | 2015-25<br>LTP  | 2015-25<br>LTP Yr 1<br>Amended | 2016/17<br>AP  | Variance<br>to Amended<br>LTP | Notes |
|--|-----------------|--------------------------------|----------------|-------------------------------|-------|
|  | \$000           | \$000                          | \$000          | \$000                         |       |
| <b>Sources of operating funding</b>                                      |                 |                                |                |                               |       |
| General rates, uniform annual general charges, rates penalties           | (12,422)        | (12,422)                       | (15,420)       | (2,998)                       |       |
| Targeted rates (other than a targeted rate for water supply)             | -               | -                              | -              | -                             |       |
| Subsidies and grants for operating purposes                              | -               | -                              | 200            | 200                           |       |
| Fees and charges   | 29,793          | 29,793                         | 32,455         | 2,662                         | 1     |
| Internal charges and overheads recovered                                 | 34,577          | 34,577                         | 32,157         | (2,420)                       |       |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 1,050           | 1,050                          | 1,050          | -                             |       |
| <b>Total operating funding (A)</b>                                       | <b>52,998</b>   | <b>52,998</b>                  | <b>50,442</b>  | <b>(2,556)</b>                |       |
| <b>Applications of operating funding</b>                                 |                 |                                |                |                               |       |
| Payments to staff and suppliers  | 71,094          | 71,094                         | 74,133         | 3,039                         | 1     |
| Finance costs  | 1,829           | 1,829                          | 3,141          | 1,312                         | 2     |
| Internal charges and overheads applied                                   | (30,727)        | (30,727)                       | (35,933)       | (5,206)                       | 3     |
| Other operating funding applications                                     | 100             | 100                            | (310)          | (410)                         |       |
| <b>Total applications of operating funding (B)</b>                       | <b>42,296</b>   | <b>42,296</b>                  | <b>41,031</b>  | <b>(1,265)</b>                |       |
| <b>Surplus (deficit) of operating funding (A - B)</b>                    | <b>10,702</b>   | <b>10,702</b>                  | <b>9,411</b>   | <b>(1,291)</b>                |       |
| <b>Sources of capital funding</b>  |                 |                                |                |                               |       |
| Subsidies and grants for capital expenditure                             | -               | -                              | -              | -                             |       |
| Development and financial contributions                                  | -               | -                              | -              | -                             |       |
| Increase (decrease) in debt  | 15,148          | 15,148                         | 34,884         | 19,736                        |       |
| Gross proceeds from sales of assets                                      | 2,000           | 2,000                          | 2,000          | -                             |       |
| Lump sum contributions   | -               | -                              | -              | -                             |       |
| <b>Total sources of capital funding (C)</b>                              | <b>17,148</b>   | <b>17,148</b>                  | <b>36,884</b>  | <b>19,736</b>                 |       |
| <b>Applications of capital funding</b>                                   |                 |                                |                |                               |       |
| Capital expenditure  |                 |                                |                |                               |       |
| - to meet additional demand  | -               | -                              | -              | -                             |       |
| - to improve the level of service  | 2,370           | 2,370                          | 17,805         | 15,435                        | 4     |
| - to replace existing assets   | 15,437          | 15,437                         | 24,330         | 8,893                         | 5     |
| Increase (decrease) in reserves  | 10,043          | 10,043                         | 4,160          | (5,883)                       |       |
| Increase (decrease) in investments                                       | -               | -                              | -              | -                             |       |
| <b>Total applications of capital funding (D)</b>                         | <b>27,850</b>   | <b>27,850</b>                  | <b>46,295</b>  | <b>18,445</b>                 |       |
| <b>Surplus (deficit) of capital funding (C - D)</b>                      | <b>(10,702)</b> | <b>(10,702)</b>                | <b>(9,411)</b> | <b>1,291</b>                  |       |
| <b>Funding balance ((A - B) + (C - D))</b>                               | <b>-</b>        | <b>-</b>                       | <b>-</b>       | <b>-</b>                      |       |
| <b>Expenses for this activity grouping include the following</b>         |                 |                                |                |                               |       |
| depreciation/amortisation charge   | 12,776          | 12,776                         | 9,273          | (3,503)                       |       |

**Notes:**

1. Transition costs and associated external income from move to regional shared services for information and communications technology.
2. Finance cost increase related to increased debt funding of capital expenditure projects as per Note 4 below.
3. Decrease in corporate costs due to reallocation of organisational overhead.
4. Total budget includes funding for Civic Campus redevelopment/ office resilience and efficiency projects \$16.7m.
5. Budget increases for Council-owned property renewals \$2.5m, additional funding for information technology projects \$3m. Funding budgeted for capitalisation of Karori Sanctuary offices and buildings.

## 2016/17 ANNUAL PLAN FUNDING IMPACT STATEMENT — PROPOSED RATING MECHANISMS

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### RATES

Rates are a property tax to fund local government activities. Rates are assessed under the Local Government (Rating) Act 2002 (the Act) on rating units in the Rating Information Database. Where rates requirements are allocated based on property value, the capital value of the property as assessed by the Council's valuation services provider will apply. The latest city-wide revaluation was carried out as at 1 September 2015. This revaluation remains effective for the 2016/17 rating year, except where subsequent maintenance valuations have been required under valuation rules or the Council's rating policies.

City-wide revaluations are performed every three years. The next city-wide revaluation will be carried out as at 1 September 2018 and will be effective for the 2019/20 rating year and the two consecutive rating years (subject again to subsequent maintenance valuations).

Policy objective:

- To provide the Council with adequate income to carry out its mission and objectives.
- To support the Council's achievement of its strategic objectives.
- To be simply administered, easily understood, allow for consistent application and generate minimal compliance costs.
- To spread the incidence of rates as equitably as possible by balancing the level of service provided by the Council with ability to pay and the incidence of costs in relation to benefits received.
- To be neutral in that it does not encourage people to redirect activity in order to avoid its impact.
- To reflect the decisions of the Council's policies and rating reviews.

### GENERAL RATES

General rates are set under section 13 of the Act on all rateable rating units in the City of Wellington.

The Council proposes to set a general rate based on the capital value of each rating unit within the city.

The general rate will be set on a differential basis, based on land use. All rating units (or part thereof) will be classified for the purposes of general rates within one of the following rating differentials.

### DIFFERENTIAL RATING CATEGORIES

#### Base Differential

This includes:

- a. Separately rateable land used solely for one or more household units; excluding those properties that provide short stay (28 days or less) commercial accommodation for which a tariff is charged
- b. Vacant land zoned residential
- c. Rural land (including farmland and lifestyle blocks) under the District Plan that is administered by the Council, but excluding any rating unit that is used for rural industrial purposes
- d. Separately-rateable land occupied by a charitable organisation which is deemed by the Council to be used exclusively or principally for sporting, recreation or community purposes and that does not generate any private pecuniary profit.

This category has a general rate differential rating factor of 1.0.

#### **Commercial, Industrial and Business Differential**

This includes:

- a. Separately-rateable land used for a commercial or industrial purpose
- b. Vacant land zoned commercial, industrial or rural industrial under the District Plan administered by the Council
- c. Land used for offices, administrative and/or associated functions
- d. Land used for commercial accommodation for which a tariff is charged and where the principal purpose is the provision of short stay (28 days or less) accommodation
- e. Business-related premises used principally for private pecuniary benefit
- f. Utility networks
- g. Any property not otherwise categorised within the Base Differential.

This category has a general rate differential rating factor of 2.8.

#### **Differential Rating Category Conditions**

Differential rating 2.8:1 Commercial:Base

- The differential apportionment for the commercial, industrial and business sector is 2.8 times the General rate per dollar of capital value payable by those properties incorporated under the Base (Residential) differential. No changes are proposed to the differential apportionment in 2016/17.
- The separated parts of a rating unit will be differentially rated where a part of the property is non-rateable or the property fits under one or more rating differential and either:
  - a) The total capital value of the rating unit is above \$800,000 or
  - b) Minority use(s) account for more than 30 percent of the total capital value of the rating unit.

In any other case, the General rate differential is determined by principal use.

- In regard to the rates attributable to a rating unit during the transition period between two differential rating categories, a ratepayer may apply for a change in rating category at any time between the lodgement of a building consent application with the Council (on the condition that the principal prior use has ended) and the earlier of either:

- a) The time at which the Council gives final approval of the completed works, or
  - b) The property is deemed (by the Council) to be available for its intended use.
- 
- In situations where the change in land use does not require a Council consent, but warrants a change in differential rating category, the onus is on the ratepayer to inform the Council prior to the property being utilised under the new use.
  - The rating differential classification of all rating units must be set prior to the commencement of a rating year and will remain in place for that entire rating year. Any change in circumstances that results in a change of differential classification during a rating year will apply from 1 July of the following rating year.
  - Any property eligible for mandatory 50 percent non-rateability under Part 2, Schedule 1, of the Act, will be first classified under the appropriate General rate differential classifications and the non-rateability applied to that rate.

#### **Uniform Annual General Charge**

The Council does not assess a uniform annual general charge.

#### **NON-RATEABLE LAND**

##### **Non-Rateable**

Includes any land referred to in Part 1, Schedule 1 of the Act. This land is non-rateable with the exception of targeted rates solely for sewerage and water where the service is provided.

##### **50 Percent Non-Rateable**

Includes all land referred to in Part 2, Schedule 1 of the Act. This land is 50 percent non-rateable in respect of the rates that apply, with the exception of targeted rates for sewerage and water for which the land is fully rateable if the service is provided.

#### **TARGETED RATES**

Targeted rates are set under section 16 of the Act.

The Council has not adopted any lump sum contribution schemes under part 4A of the Act in respect of its targeted rates, and will not accept lump sum contributions in respect of any targeted rate.

#### **Sewerage Rate**

Targeted sewerage rates are to be apportioned 60 percent:40 percent of rates between properties incorporated under the Base differential and the Commercial, Industrial and Business differential in accordance with the Revenue and Financing Policy. This rate pays for the cost of the provision of the sewerage treatment facilities for the city.

For the purposes of these rates the sewerage collection and disposal service is treated as being provided if the rating unit is connected to a public sewerage drain (either directly or indirectly), irrespective of whether the property is considered fully rateable or is mandatory non-rateable or 50 percent non-rateable under Schedule 1 of the Act.

The targeted Sewerage rate is calculated as follows:

*For rating units incorporated in the Commercial, Industrial and Business differential:*

A rate per dollar of capital value on all rating units connected to a public sewerage drain, to collect 40 percent of the required rates funding, after having deducted the total dollar amount budgeted to be collected through Trade Waste Charges (excluding consent fees).

*For rating units incorporated in the Base differential:*

A fixed amount per annum per rating unit for administration, plus a rate per dollar of capital value on all rating units connected to a public sewerage drain, to collect 60 percent of the required rate funding.

#### **Water Rate**

A targeted rate for water is to be apportioned with the aim of achieving a 60 percent:40 percent split between properties incorporated under the Base differential and the Commercial, Industrial and Business differential in accordance with the Revenue and Financing Policy.

This rate pays for water collection and treatment facilities, the water distribution network and water conservation for the city.

This rate is set on all rating units serviced by a water connection.

For the purposes of these rates, the water service is treated as being provided if the rating unit is connected to the public water supply (either directly or indirectly), irrespective of whether the property is considered fully rateable or is mandatorily non-rateable or 50 percent non-rateable under Schedule 1 or 2 of the Act.

The targeted Water rate is calculated as follows:

*For rating units incorporated in the Commercial, Industrial and Business differential, either:*

- a) A consumption unit rate per cubic metre of water used for all rating units connected to the public water supply with a water meter installed, plus a fixed amount per annum per rating unit for administration.

Or

- b) A rate per dollar of capital value on all rating units connected to the public water supply, without a water meter installed.

*For rating units rated incorporated in the Base differential, either:*

- a) A consumption unit rate per cubic metre of water used for all rating units connected to the public water supply with a water meter installed, plus a fixed amount per annum per rating unit for administration.

Or

- b) A fixed amount per annum per rating unit for administration, plus a rate per dollar of capital value on all rating units connected to the public water supply without a water meter installed, to collect the required Base differential contribution.

#### **Stormwater Network Rate**

A targeted stormwater rate is to be apportioned 77.5 percent to the non-rural rating units incorporated under the Base differential and 22.5 percent to the non-rural rating units incorporated under the Commercial, Industrial and Business differential in accordance with the Revenue and Financing Policy.

This rate pays for the cost of the provision of the stormwater collection/disposal network for the city.

Properties classified as rural under the Council's District Plan are excluded from the liability of this rate.

The targeted Stormwater network rate is calculated as follows:

*For non-rural rating units incorporated in the Commercial, Industrial and Business differential:*

A rate per dollar of capital value to collect 22.5 percent of the required rates funding.

*For non-rural rating units incorporated in the Base differential:*

A rate per dollar of capital value to collect 77.5 percent of the required rates funding.

#### **Commercial, Industrial and Business Sector Targeted Rate**

This rate pays for activities where the Council's Revenue and Financing Policy identifies that the benefit can be attributed to the commercial, industrial and business sector and where the activity is not incorporated in other service related targeted rates. This incorporates the following:

- 30 percent of the cost of the Wellington Regional Economic Development Agency (WREDA) and Venues. This is the equivalent of 100 percent funding of the events attraction and support activity within WREDA.

This rate is assessed on all properties incorporated in the commercial, industrial and business sector and is calculated on a rate per dollar of rateable capital value.

#### **Base Sector Targeted Rate**

This rate pays for activities where the Council's Revenue and Financing Policy identifies that the benefit can be attributed to properties incorporated under the Base differential rating category (incorporating residential ratepayers). This incorporates the following activities:

- 100 percent of the facilitation of community environmental initiatives, cultural grants, facilitation of recreation partnerships and community advocacy activities.
- 95 percent of the provision of community centres and halls activities.
- 60 percent of the provision of the water network, collection and treatment, and the sewage collection, treatment and disposal network activities
- 77.5 percent of the stormwater management activity.

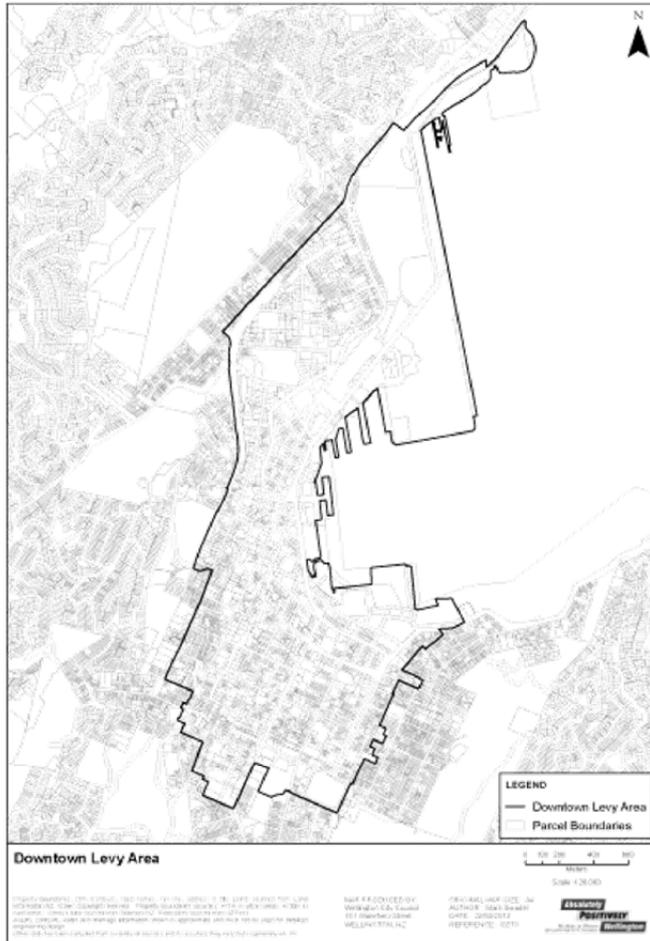
This rate is assessed on all properties incorporated under the Base differential rating category and is calculated on a rate per dollar of rateable capital value.

#### **Downtown Targeted Rate**

This rate pays for tourism promotion and retail support (free weekend parking). It also pays for:

- 50 percent of the cost of the Wellington Regional Economic Development Agency (WREDA) and Venues activities
- 40 percent of the cost of the Wellington Convention Centre activity
- 100 percent of retail support (free weekend parking) activity
- 70 percent of the visitor attractions activity
- 25 percent of galleries and museums activity.

This rate is assessed on all commercial, industrial and business properties in the downtown area and is calculated on a rate per dollar of rateable capital value. For the purposes of this rate, the downtown area refers to the area as described by the Downtown Area map as follows:



**Tawa Driveways Targeted Rate**

This rate pays for the maintenance of a specified group of residential access driveways in the suburb of Tawa, overseen by the Council. This rate is assessed on a specific group of rating units that have shared access driveway that are maintained by Council in the former Tawa Borough at a fixed amount per annum per rating unit.

**Marsden Village Targeted Rate**

This rate is collected by the Council on behalf of the Marsden Village Association on all commercial, industrial and business properties in the Marsden shopping village (see map below) and is calculated on a rate per dollar of capital value to fund the maintenance of the area.

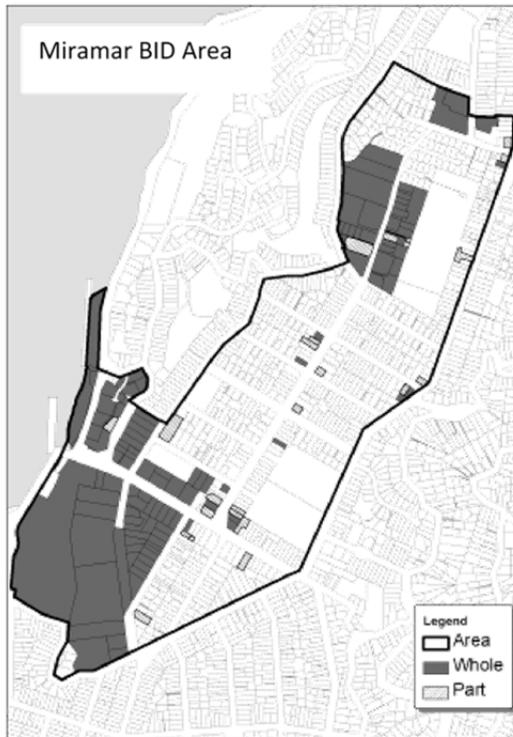


**Miramar Business Improvement District Targeted Rate**

This rate is set by Council to fund the Business Improvement District activities of Enterprise Miramar Peninsula Incorporated.

The category of land for which this rate is set is on all rating units within the Miramar Business Improvement District (see map) which are subject to the “commercial, industrial and business” differential, but excluding any rating unit that is a substation or used by local or central government for a non-business purpose.

Liability for this rate is calculated as a fixed amount per rating unit, plus a rate per dollar of capital value for any capital value over \$1 million per rating unit.



**Khandallah Business Improvement District Targeted Rate**

This rate is set by Council to fund the Business Improvement District activities of the Khandallah Business Association Incorporated.

The category of land for which this rate is set is on all rating units within the Khandallah Business Improvement District (see map) which are subject to the “commercial, industrial and business” differential, but excluding any rating unit that is a substation.

Liability for this rate is calculated as a rate per dollar of rateable capital value.



**Kilbirnie Business Improvement District Targeted Rate**

This rate is set by Council to fund the Business Improvement District activities of the Kilbirnie Business Network.

The category of land for which this rate is set is on all rating units within the Kilbirnie Business Improvement District (see map) which are subject to the “commercial, industrial and business” differential, but excluding any rating unit that is a substation.

Liability for this rate is calculated as a fixed amount per rating unit, plus a rate per dollar of capital value for any capital value over \$1 million per rating unit.



**INDICATIVE RATES**

The following table shows the indicative residential and commercial property rates inclusive of GST for a selection of billing categories, based on the proposed 2016/17 budget. These are subject to change based on Council decisions made during the adoption of the 2016/17 Annual Plan and changes in property valuations:

| Indicative residential property rates (for properties without a water meter) |                                    |                                |
|--|------------------------------------|--------------------------------|
| Capital Values<br>\$   | 2016/17<br>Proposed<br>Rates<br>\$ | Increase over<br>2015/16<br>%* |
| 200,000  | 1,120                              | 4.65%                          |
| 300,000  | 1,536                              | 4.88%                          |
| 400,000  | 1,952                              | 5.02%                          |
| 500,000  | 2,368                              | 5.10%                          |
| 600,000  | 2,784                              | 5.16%                          |
| 700,000  | 3,200                              | 5.21%                          |
| 800,000  | 3,617                              | 5.24%                          |
| 900,000  | 4,033                              | 5.27%                          |
| 1,000,000  | 4,449                              | 5.29%                          |
| 1,100,000  | 4,865                              | 5.31%                          |
| 1,200,000  | 5,281                              | 5.33%                          |
| 1,300,000  | 5,697                              | 5.34%                          |
| 1,400,000  | 6,113                              | 5.35%                          |
| 1,500,000  | 6,530                              | 5.36%                          |
| 1,600,000  | 6,946                              | 5.37%                          |
| 1,700,000  | 7,362                              | 5.38%                          |
| 1,800,000  | 7,778                              | 5.39%                          |

| Indicative suburban commercial property rates (for properties with a water meter). This excludes water by consumption which is charged on actual usage. |                                    |                                |
|---|------------------------------------|--------------------------------|
| Capital Values<br>\$  | 2016/17<br>Proposed<br>Rates<br>\$ | Increase over<br>2015/16<br>%* |
| 1,000,000   | 9,950                              | 4.26%                          |
| 1,250,000   | 12,406                             | 4.28%                          |
| 1,500,000   | 14,861                             | 4.28%                          |
| 1,750,000   | 17,316                             | 4.29%                          |
| 2,000,000   | 19,772                             | 4.29%                          |
| 2,250,000   | 22,227                             | 4.30%                          |
| 2,500,000   | 24,683                             | 4.30%                          |
| 2,750,000   | 27,138                             | 4.30%                          |
| 3,000,000   | 29,593                             | 4.30%                          |
| 3,250,000   | 32,049                             | 4.30%                          |
| 3,500,000   | 34,504                             | 4.31%                          |
| 3,750,000   | 36,959                             | 4.31%                          |
| 4,000,000   | 39,415                             | 4.31%                          |
| 4,250,000   | 41,870                             | 4.31%                          |
| 4,500,000   | 44,326                             | 4.31%                          |
| 4,750,000   | 46,781                             | 4.31%                          |
| 5,000,000   | 49,236                             | 4.31%                          |

| Indicative downtown commercial property rates (for properties with a water meter). This excludes water by consumption which is charged on actual usage. |                                    |                                |
|---|------------------------------------|--------------------------------|
| Capital Values<br>\$  | 2016/17<br>Proposed<br>Rates<br>\$ | Increase over<br>2015/16<br>%* |
| 1,000,000   | 12,075                             | 1.78%                          |
| 1,250,000   | 15,062                             | 1.79%                          |
| 1,500,000   | 18,048                             | 1.79%                          |
| 1,750,000   | 21,035                             | 1.79%                          |
| 2,000,000   | 24,021                             | 1.79%                          |
| 2,250,000   | 27,008                             | 1.79%                          |
| 2,500,000   | 29,995                             | 1.80%                          |
| 2,750,000   | 32,981                             | 1.80%                          |
| 3,000,000   | 35,968                             | 1.80%                          |
| 3,250,000   | 38,954                             | 1.80%                          |
| 3,500,000   | 41,941                             | 1.80%                          |
| 3,750,000   | 44,927                             | 1.80%                          |
| 4,000,000   | 47,914                             | 1.80%                          |
| 4,250,000   | 50,901                             | 1.80%                          |
| 4,500,000   | 53,887                             | 1.80%                          |
| 4,750,000   | 56,874                             | 1.80%                          |
| 5,000,000   | 59,860                             | 1.80%                          |

\*This is the indicative percentage rates increase, taking into account average increases in property valuations for the relevant billing category.

**RATES REMISSION AND POSTPONEMENT POLICIES**

Refer to the Council Rates Remission and Postponement Policies. There are no changes proposed to the rates remission and postponement policies.

## **FINANCIAL PRUDENCE**

The government has introduced the new Local Government (Financial Reporting and Prudence) Regulations 2014 which has a series of measures and benchmarks, disclosed in the following pages. These measures further highlight the financial performance of Council in a way that is consistent and standardised.

These measures allow for comparison of financial performance with other Councils. However, readers are urged to read the commentary and explanations provided to give context to the information, as it is not always possible to compare Wellington City Councils' results with other Councils due to their size, location and provision of services.

The Council considers there are three key financial areas that demonstrate whether a Council is being managed in a prudent manner; they are in broad terms the level of rate increases, level of borrowings and the balancing of the budget. A Council sets what it believes to be prudent levels for each of these areas when it adopts its Long-term Plan.

### **Rates Increase**

The Financial Strategy outlines the Councils strategy on rate increases and how to maintain the ratepayers willingness to pay rates as they perceive the value of the services provided by Council. There are two measures that indicate Councils adherence to its strategy:

1. Percentage limit on rate increases averaged over the first three years of the 2015-25 Long-term Plan before growth (in the rating base) is 4.5%.

The percentage rate increase for 2016/17 is 3.8%

2. Dollar limit on rate increases for rates revenue not to exceed is set at \$301.5 million for 2016/17.

The Council has committed to adhering to limits as set out in Long Term Financial Strategy as set out elsewhere in this 2015-25 Long-term Plan.

### **Borrowing levels**

The Financial Strategy outlines its guiding principles on the level of borrowing the Council may undertake, and in broad terms:

- a) Debt cannot be used to fund operations, and
- b) The current level of debt will not restrict a future Councils ability to fund new assets through debt.

The Council has met all of its borrowing measures set out in the following pages, as the Council continues to be prudent in carefully managing its debt levels and ensuring that future generations are not impeded in their ability to borrow to fund future capital expenditure.

### **Balanced Budget**

This measure is designed to highlight whether a Council has achieved a balanced budget as discussed in the financial overview. The Council's aim is to be as close to the 100% as possible, as large

variances would indicate that ratepayers are either paying too much or too little rates that could lead to intergenerational issues in later years.

## Annual plan disclosure statement for year ending 30 June 2017

What is the purpose of this statement?

The purpose of this statement is to disclose the council's planned financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The council is required to include this statement in its annual plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the **regulations**). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

| Benchmark                     |   | Planned  | Met   |
|-------------------------------|---|----------|-------|
| Rates affordability benchmark |   |          | No    |
| • income                      | Total rates collected   | \$302.0m | 283.5 |
| • increases                   | 4.5% after growth average rates increase over the first triennium | 4.5%     | 4.6%  |
| Debt affordability benchmark  | Net closing debt over operating income                            | 175%     | Yes   |
| Balanced budget benchmark     | 100%  | 103%     | Yes   |
| Essential services benchmark  | 100%  | 134%     | Yes   |
| Debt servicing benchmark      | 10%   | 6%       | Yes   |

*[Include a row in the table in this statement for each quantified limit on rates, for each quantified limit on rates increases, and for each quantified limit on borrowing.]*

Notes

### **1 Rates affordability benchmark**

(1)

For this benchmark,—

(a)

the council's planned rates income for the year is compared with [*a quantified limit/quantified limits*] on rates contained in the financial strategy included in the council's long-term plan; and

(b)

the council's planned rates increases for the year are compared with [*a quantified limit/quantified limits*] on rates increases for the year contained in the financial strategy included in the council's long-term plan.

(2)

The council meets the rates affordability benchmark if—

(a)

its planned rates income for the year equals or is less than each quantified limit on rates; and

(b)

its planned rates increases for the year equal or are less than each quantified limit on rates increases.

### **2 Debt affordability benchmark**

(1)

For this benchmark, the council's planned borrowing is compared with [*a quantified limit/quantified limits*] on borrowing contained in the financial strategy included in the council's long-term plan.

(2)

The council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing.

### **3 Balanced budget benchmark**

(1)

For this benchmark, the council's planned revenue (excluding development contributions, vested assets, financial contributions, gains on derivative financial instruments, and revaluations of property, plant, or equipment) is presented as a proportion of its planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

(2)

The council meets the balanced budget benchmark if its revenue equals or is greater than its operating expenses.

### **4 Essential services benchmark**

(1)

For this benchmark, the council's planned capital expenditure on network services is presented as a proportion of expected depreciation on network services.

(2)

The council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.

### **5 Debt servicing benchmark**

(1)

For this benchmark, the council's planned borrowing costs are presented as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

(2)

Because Statistics New Zealand projects that the council's population will grow [*as fast as, or faster than, / slower than*] the national population growth rate, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than [*10%/15%*] of its planned revenue.

## Statement of Proposal

### Food Act Fees

#### Introduction

This Statement of Proposal has been drafted to fulfil Local Government Act 2002 (LGA) and Food Act 2014 (the Act) requirements.

#### Background

The Food Act 2014 was passed into law in June 2014, replacing the Food Act 1981. A three year transition starts on 1 March 2016.

The purpose of the Act is to:

- restate and reform the law relating to how persons trade in food
- achieve the safety and suitability of food for sale
- maintain confidence in New Zealand's food safety regime
- provide for risk-based measures that—
  - minimise and manage risks to public health
  - protect and promote public health
- provide certainty for food businesses in relation to how the requirements of this Act will affect their activities
- require persons who trade in food to take responsibility for the safety and suitability of that food.

High risk food service businesses with an alcohol on-license (such as hotels, restaurants, bars and cafes) will be among the first to transition to the new Act.

#### Businesses affected

As at mid-February 2016, there were 1775 businesses in Wellington that will be subject to either a Food Control plan or national programme, with the split between these business estimated as follows<sup>1</sup>:

| Category                          | Number of businesses |
|-----------------------------------|----------------------|
| Food control plan                 | 1408                 |
| National programme level 3        | 254                  |
| National programme level 2        | 19                   |
| National programme level 1        | 27                   |
| <b>Total number of businesses</b> | <b>1775</b>          |

An additional number of premises may be required to register with the Council which were not previously required to register, the most significant sector of this market being early childhood

<sup>1</sup> It should be noted that this is an estimated split based on previous knowledge. It will not be possible to determine an actual split until the scope of operation of each business is explored further.

education centres (ECEs). There are approximately 100 ECEs in Wellington (these will be subject to national programmes level 2).

#### **Council may collect fees under the Act**

Territorial authorities may, by resolution, fix fees to cover direct and indirect costs for any registration, verification and/or compliance and monitoring activities. A council may not recover more than the reasonable cost incurred by the Council to perform that function.

Territorial authorities are permitted to recover costs when performing the following functions:

##### *Registration*

This includes administration costs, including providing advice to new businesses, recording food premises details, providing licences and certificates.

##### *Verification*

This includes the auditing of food premises, including preparation (booking appointments, checking resource and building consents, checking prior history), travel time, actual on-site time, completing reports and recording system entries. Travel time has been averaged across all premises and will be set at 30 minutes per verification.

There may occasionally be a need to increase this charge for some verifications, as some may take significantly more than 2.5 hours to complete due to the size and scale of the premises. The time spent above the standard fixed verification charge will be charged on an hourly rate basis.

##### *Compliance and monitoring activity*

This will be charged on a per hour basis, however no charge will apply for investigation of complaints that do not result in an improvement notice being issued. This recognises that the investigation of complaints is a public good, and unless justified by the issuing of an improvement notice, should not penalise the food operator.

As part of the compliance and monitoring activity there will be a fixed fee for the first visit to a business, which is the opening inspection. This inspection will ensure that the business has complied with all building consents and resource consents and the business is ready to open to the public. At this inspection the health officer will also introduce the Food Control Plan or National Programme, dependent on the nature and scope of operations of the business.

#### **Proposal to set fees**

The Council is required under the Local Government Act 2002 to adopt a Revenue and Financing Policy that provides detail on the funding of operational and capital expenditure. During its development, analysis was undertaken regarding which parts of the community contribute to paying for activities.

Food businesses will transition to the new Food Act over a three year period. During this transitional period a portion of businesses will be charged under the Food Act 2014 and the remaining businesses will continue to be charged under the existing fees set pursuant to the Health Act 1956 and the Food Hygiene Regulations 1974.

Wellington City Council is proposing to sets fees in the fee structure contained in this paper to ensure the recovery of direct and indirect costs incurred by the Council in performing their functions under the Act from 1 March 2016.

The Council must not recover fees above what it spends.

**Proposed fee structure**

Under this proposal, the model for cost recovery is different than under the previous legislation. Operators will be required to pay an annual registration fee payable on the anniversary of their date of registration. Additionally, there will be a set fee for both registration and verification activities. An additional fee, calculated at an hourly rate, will be charged for all additional visits for opening inspections, education and compliance.

The Council has undertaken a process to estimate the volumes of registrations, verification and compliance visits it will carry out. This process was undertaken by reviewing data and performance from previous years in terms of compliance and monitoring activities and linking them to the proposed fee model. The Council then aligned the prices per hour with Ministry of Primary Industries, Auckland City Council and Christchurch City Council pricing which are comparable sized operations with similar direct, indirect and corporate support charges. Charges reflect an analysis of direct costs such as salary and operational expenditure, as well as indirect costs such as support functions, IT and property cost.

| <b>PROPOSED FEE SCHEDULE</b>               | <b>Time included</b> | <b>Fixed cost</b> |
|--|----------------------|-------------------|
| <b>Template or Model Food Control Plan</b> |                      |                   |
| <b>Registration</b>                        | 1 hour               | \$ 155.00         |
| <b>Renewal/re register</b>                 | half hour            | \$ 77.50          |
| <b>Amendment</b>                           |                      |                   |
| Significant                                | 1 hour               | \$ 155.00         |
| Minor                                      | half hour            | \$ 77.50          |
| Change of circumstances                    | half hour            | \$ 77.50          |
| <b>Voluntary suspension</b>                | half hour            | \$ 77.50          |
| <b>Verification</b>                        |                      |                   |
| 1st verification                           | 2.5 hours            | \$ 387.50         |
| 2nd verification                           | 2.5 hours            | \$ 387.50         |
| <b>Compliance</b>                          |                      |                   |
| Notice                                     | 1 hour               | \$ 155.00         |
| Application for review                     | 1 hour               | \$ 155.00         |
| Statement of compliance                    | half hour            | \$ 77.50          |

|                            |          |           |
|----------------------------|----------|-----------|
| <b>Opening inspections</b> | 1 hour   | \$ 155.00 |
| <b>Additional hours</b>    | per hour | \$ 155.00 |

|                           |
|---------------------------|
| <b>National Programme</b> |
|---------------------------|

|                             |           |           |
|-----------------------------|-----------|-----------|
| <b>Registration</b>         | 1 hour    | \$ 155.00 |
| <b>Renewal/re register</b>  | half hour | \$ 77.50  |
| <b>Amendment</b>            |           |           |
| Change of circumstances     | half hour | \$ 77.50  |
| <b>Voluntary suspension</b> | half hour | \$ 77.50  |
| <b>Verification</b>         |           |           |
| 1st verification            | 1 hour    | \$ 155.00 |
| 2nd verification            | 1 hour    | \$ 155.00 |
| <b>Compliance</b>           |           |           |
| Notice                      | 1 hour    | \$ 155.00 |
| Application for review      | 1 hour    | \$ 155.00 |
| Statement of compliance     | half hour | \$ 77.50  |
| <b>Opening inspections</b>  | 1 hour    | \$ 155.00 |
| <b>Additional hours</b>     | per hour  | \$ 155.00 |

**Options considered**

In determining the proposal Council considered the following options:

*Option 1*

Adopt the Statement of Proposal to fix fees to recover the full direct and indirect costs of the Council's functions under the Food Act 2014.

This is considered to be the most equitable option ensuring that funding for the Council's functions under the Act are from users or beneficiaries of these functions and not from rates and other general funding sources. This also aligns with the Council's Revenue and Financing policy.

This is the preferred option.

*Option 2*

Adopt an amended statement of fees to partially recover the direct and indirect costs of the

Council's functions under the Food Act 2014.

The option is not in accordance with the Councils revenue and financing policy. The option would mean the full cost of the Council's functions under the Food Act 2014 would have to be recovered from rates or other funding sources.

This is not the preferred option.

*Option 3*

Adopt an amended statement of fees that charged all activity on an hourly rate basis with no upfront fixed fee.

The option wouldn't provide any certainty or estimate of the expected charges for the customer and would also have high administrative costs.

This is not the preferred option.

The table below sets out the advantages and the disadvantages of the reasonably practical options that have been identified:

| Option  | Positives   | Negatives   |
|---|---|---|
| <p><b>Option 1:</b><br/>Minimum fixed fee based on average time, with the ability to recover additional costs as required.</p> <p><b>Preferred option</b></p> | <ul style="list-style-type: none"> <li>• Rewards good compliance and behaviour</li> <li>• Recovers costs for actual work performed</li> <li>• Minimum charge removes risk of not recovering full costs</li> <li>• Consistent with MPI charging methodology</li> <li>• Provides customer guidance on total fees</li> </ul> | <ul style="list-style-type: none"> <li>• Some averaging for some operators</li> <li>• More invoicing than current approach</li> </ul>   |
| <p><b>Option 2:</b><br/>Subsidising cost recovery with rates funding to lower the hourly rate</p>   | <ul style="list-style-type: none"> <li>• Keeps costs for operators lower</li> <li>• Encourages use of Council as preferred verifier when competition is introduced</li> </ul>   | <ul style="list-style-type: none"> <li>• Increases costs to ratepayers</li> <li>• Inconsistent with Food Act principle of equity in that although users of food premises are beneficiaries, the real beneficiaries of safe food premises are the business owners</li> </ul> |
| <p><b>Option 3</b><br/>Charging by the hour (no fixed, upfront fee)</p>   | <ul style="list-style-type: none"> <li>• Possible perceived lower charges for customers</li> </ul>  | <ul style="list-style-type: none"> <li>• High administration costs which haven't been factored into fees.</li> <li>• High transaction volume</li> <li>• Uncertainty for operators as to likely total charges</li> </ul>   |

**Option 1 is the preferred method**

The methodology for calculating fees has been amended to align with the Food Act 2014 requiring businesses to register annually and undergo verifications, the frequency of which is dependent on

their performance with high performers being verified (audited) less frequently. The cost of verification will be on charged to businesses. Compliance visits will be charged to the business at an hourly rate.

**Have your say**

There are several ways you can have your say on this proposal, from 29 March to 29 April 2016. You can complete a submission form online as part of the Annual Plan feedback process:

[wellington.govt.nz/ap2016-17](http://wellington.govt.nz/ap2016-17)

Or post it to us: Wellington City Council, PO Box 2199, Wellington 6140

Drop it off: Wellington City Council, 101 Wakefield Street, Wellington

Or email us: [BUSAnnualPlan@wcc.govt.nz](mailto:BUSAnnualPlan@wcc.govt.nz)

## 2016/17 Annual Plan: Proposed Fees and User Charges

Our Revenue and Financing Policy guides our decisions on how to fund Council services. Under the policy, we take into account who benefits from a service (individuals, parts of the community, or the community as a whole) to help us determine how the service should be funded. The policy set targets for each Council activity, determining what proportion should be funded from each of user charges, general rates, targeted rates and other sources of income.

In line with that policy, we're proposing some changes to fees and charges in the following areas:

- Burials and Cremation
- Trade Waste
- Landfill
- Swimming Pools
- Recreation Centres

In addition, new Food Act fees and fee structure are being proposed through Public Health Regulations, with the introduction of the Food Act 2014 which passed into law in June 2014.

New fees are proposed to be implemented as of 1 July 2016 and are inclusive of GST. For more information see [www.Wellington.co.nz](http://www.Wellington.co.nz)

### Burials and cremation

We are proposing increases to some of our fees for burials and cremations.

| Burials and Cremation Fees         | Current Fee | Proposed Fee |
|------------------------------------|-------------|--------------|
| Adult Plot: Plaque Lawn Beam fee   | \$158.00    | \$166.00     |
| Children's Section Beam fee        | \$158.00    | \$166.00     |
| Denominational Areas Beam fee      | \$158.00    | \$166.00     |
| Ash Plots Beam fee                 | \$158.00    | \$166.00     |
| Extras – Concrete stand large      | \$80.00     | \$85.00      |
| Extras – Late service fee          | -           | \$50.00      |
| Miscellaneous – Wooden adult urns  | \$68.00     | \$78.00      |
| Miscellaneous – Wooden infant urns | \$32.00     | \$40.00      |

### Trade Waste

We are proposing to increase our fees for trade waste.

| Conveyance and Transport of Trade Waste                    | Current Fee           | Proposed Fee          |
|--|-----------------------|-----------------------|
| <b>Volume</b>  |                       |                       |
| Up to 100m <sup>3</sup> /day                               | \$0.28/m <sup>3</sup> | \$0.29/m <sup>3</sup> |
| Between 100m <sup>3</sup> /day and 7000m <sup>3</sup> /day | \$0.13/m <sup>3</sup> | \$0.13/m <sup>3</sup> |
| Above 7000m <sup>3</sup> /day                              | \$0.89/m <sup>3</sup> | \$0.91/m <sup>3</sup> |

Draft recommendation to Committee only – not Council policy

| Conveyance and Transport of Trade Waste  | Current Fee | Proposed Fee |
|--|-------------|--------------|
| <b>B.O.D (Biochemical Oxygen Demand)</b> |             |              |
| Up to 3150kg/day                         | \$0.30/m3   | \$0.31/m3    |
| Above 3150kg/day                         | \$0.68/m3   | \$0.69/m3    |
|  |             |              |
| <b>Suspended Solids</b>                  |             |              |
| Up to 1575kg/day                         | \$0.29/m3   | \$0.30/m3    |
| Above 1575kg/day                         | \$0.55/m3   | \$0.56/m3    |

#### Landfill

We are proposing to increase our fees for the landfill.

| Landfill Fees                                      | Current Fee | Proposed Fee |
|--|-------------|--------------|
| Green Waste Disposal (per tonne)                   | \$56.40     | \$58.10      |
| General Waste Disposal (Domestic) – per tonne      | \$121.80    | \$158.00     |
| General Waste Disposal (Domestic) – minimum charge | \$8.00      | \$10.00      |

#### Swimming Pools

We are proposing to increase some of our fees for swimming pools.

| Pool and Programme Fees – General POS    | Current Fee | Proposed Fee |
|--|-------------|--------------|
| Adult Swim                               | \$5.90      | \$6.00       |
| Adult 10 concession card                 | \$48.80     | \$54.00      |
| Adult 20 concession card                 | \$97.60     | \$108.00     |
| Adult 30 concession card                 | \$146.00    | \$162.00     |
| Child Swim                               | \$3.60      | \$3.70       |
| Child 10 concession card                 | \$29.90     | \$33.30      |
| Child 20 concession card                 | \$59.80     | \$66.60      |
| Child 30 concession card                 | \$89.70     | \$99.90      |
| Leisure Card Child Swim                  | \$1.70      | \$1.90       |
| Child Swim & Spa                         | \$4.70      | \$4.90       |
| CP Child Spa 10 Concession               | \$22.50     | \$23.40      |
| CP Leisure Card Sauna                    | \$2.40      | \$2.50       |
| CP Leisure Card Sauna/Spa 10 trip        | \$24.00     | \$25.00      |
| CP Leisure Card Spa                      | \$2.40      | \$2.50       |
| CP Sauna                                 | \$4.80      | \$5.00       |
| CP Sauna & Swim                          | \$7.00      | \$7.20       |
| CP Spa                                   | \$4.80      | \$5.00       |
| CP Spa 10 Concession                     | \$43.20     | \$45.00      |
| CP Spa Child                             | \$2.50      | \$2.60       |
| CP Swim & Spa                            | \$7.00      | \$7.20       |
| Sauna/Spa 10 Concession                  | \$43.20     | \$45.00      |
| Spa Top-up                               | \$1.10      | \$1.20       |
| Spa Under 5                              | \$1.20      | \$1.30       |
| Spectator child swim meet 10 - 16 years  | \$2.00      | \$2.10       |
| Spectator Swim Meet                      | \$2.00      | \$2.10       |
| Shower                                   | \$2.30      | \$2.50       |
| Freyberg Hotspot                         | \$15.00     | \$15.50      |
| Freyberg Hotspot 10 concession           | \$43.20     | \$45.00      |
| Freyberg Nutrition Workshop - Member     | \$10.00     | \$10.50      |
| Freyberg Nutrition Workshop - Non Member | \$20.00     | \$20.50      |

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| <b>Pool and Programme Fees – General POS</b>               | <b>Current Fee</b> | <b>Proposed Fee</b> |
|--|--------------------|---------------------|
| Leisure Card Steamroom                                     | \$2.40             | \$2.50              |
| Karori Ocean Swim  | \$11.00            | \$11.50             |
| Khandallah Adult   | \$3.00             | \$3.10              |
| Khandallah Child   | \$1.50             | \$1.60              |
| KSP Ocean Swim   | \$11.00            | \$11.50             |
| Tawa - Adult Offpeak Swim                                  | \$3.00             | \$3.10              |
| Tawa - Child Swim (August deal)                            | \$3.00             | \$3.10              |
| Tawa Toddler Day   | \$1.20             | \$1.30              |
| Tawa WeetbixTRY Training                                   | \$3.60             | \$3.70              |
| WRAC Club Active Class                                     | \$10.70            | \$11.00             |
| WRAC Club Active Class Leisurecard                         | \$5.40             | \$5.50              |
| WRAC Spa Exclusive Access (30min) in addition to entry fee |                    | \$6.00              |
| WRAC Spa/Sauna/Swim Adult (Hotspot)                        |                    | \$8.80              |
| WRAC Spa/Sauna/Swim Adult (Hotspot) 10 pass                |                    | \$79.20             |
| WRAC Spa/Sauna/Swim Adult (Hotspot) 10 pass LC             |                    | \$39.60             |
| WRAC Spa/Sauna/Swim Adult (Hotspot) LC                     |                    | \$4.40              |
| WRAC Spa/Sauna/Swim Child (Hotspot)                        |                    | \$4.40              |
| WRAC Spa/Sauna/Swim Child (Hotspot) 10 pass                |                    | \$39.60             |
| 25m Lane Hire 1hr Commercial                               | \$16.00            | \$16.50             |
| 25m Lane Hire 1hr Non Commercial                           | \$8.00             | \$8.20              |
| 50m Lane Hire 1hr Commercial                               | \$32.00            | \$33.00             |
| 50m Lane Hire 1hr Non Commercial                           | \$16.00            | \$16.40             |
| Aquafitness  | \$10.70            | \$11.00             |
| Aquafitness 10 session                                     | \$96.30            | \$99.00             |
| Aquafitness Leisure Card                                   | \$5.40             | \$5.50              |
| Aquafitness Leisure Card 10 concession                     | \$54.00            | \$55.00             |
| BBQ Hire   | \$26.50            | \$27.00             |
| Bike Only  | \$3.00             | \$3.10              |
| Coffee - Tawa Pool   | \$3.00             | \$3.10              |
| Diving Comp  | \$5.00             | \$5.20              |
| Diving Competition   | \$5.00             | \$5.20              |
| Diving Family  | \$10.00            | \$10.20             |
| Diving Spec Adult  | \$5.00             | \$5.20              |
| Diving Spec Child  | \$2.00             | \$2.10              |
| Duathlon   | \$10.00            | \$10.20             |
| Extension Course   | \$25.60            | \$26.00             |
| F/C Mat hire   | \$2.00             | \$2.10              |
| F/C small group booking                                    | \$100.00           | \$102.00            |
| Family Pass  | \$15.40            | \$15.90             |
| Fat Blast Fitness Centre                                   | \$20.00            | \$20.50             |
| Flippaball   | \$3.60             | \$3.70              |
| Flippaball Comp entry                                      | \$59.00            | \$60.00             |
| Funk Party   | \$5.90             | \$6.00              |
| LTS Karori Swim Meet                                       | \$8.00             | \$8.20              |
| LTS KSP Swim Meet  | \$5.50             | \$5.70              |
| LTS Tawa Swim Meet   | \$5.50             | \$5.70              |
| Mah jong   | \$1.60             | \$1.70              |
| Police Test  | \$17.00            | \$20.00             |
| Programme Finals   | \$2.50             | \$2.60              |
| Programme heats sessions                                   | \$10.00            | \$10.20             |
| Recreation Evening \$5.00                                  | \$5.00             | \$5.20              |

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| <b>Pool and Programme Fees – General POS</b> | <b>Current Fee</b> | <b>Proposed Fee</b> |
|--|--------------------|---------------------|
| Replacement Card \$5.40                      | \$5.40             | \$5.50              |
| Replacement Card Coaches                     | \$16.00            | \$16.50             |
| School Swim                                  | \$1.20             | \$1.30              |
| School Zones                                 | \$1.10             | \$1.20              |
| Seniors Week - Aqua Therapy KSP              | \$2.00             | \$2.10              |
| Speed Zone                                   | \$15.00            | \$15.50             |
| Spin - 10 Trip                               | \$112.50           | \$115.00            |
| Spin - Casual                                | \$12.50            | \$13.00             |
| Spin - Member                                | \$2.00             | \$2.10              |
| Spin 10x member card                         | \$20.00            | \$20.50             |
| Starts and Turns Clinic (LTS)                | \$10.00            | \$10.20             |
| Steamroom                                    | \$4.80             | \$5.00              |
| Swim Meet programme session                  | \$2.00             | \$2.10              |
| Swim meet all heats sessions programme       | \$8.00             | \$8.20              |
| Swim Meet Programme Karori Meet              | \$2.00             | \$2.10              |
| Swim Under 5 yrs                             | \$1.20             | \$1.30              |
| Tama Ora - Aquafit                           | \$5.40             | \$5.50              |
| Tama Ora - Swim                              | \$3.00             | \$3.10              |
| Weet-bix Tri                                 | \$10.00            | \$10.20             |

| <b>Pool Fees – Rental Fees</b>          | <b>Current Fee</b> | <b>Proposed Fee</b> |
|---|--------------------|---------------------|
| Pools - BBQ                             | \$26.50            | \$27.00             |
| Freyberg - Aerobics Room - Commercial   | \$41.80            | \$42.60             |
| Freyberg - Aerobics Room - NC           | \$20.90            | \$21.30             |
| Pool - whole (excl WRAC)                | \$83.50            | \$85.20             |
| Pool - whole (excl WRAC) - Commercial   | \$167.00           | \$170.40            |
| Pool Hire 30 metre set up               | \$72.00            | \$73.50             |
| Pool Hire 30 metre set up - Commercial  | \$144.00           | \$147.00            |
| Pool Hire 50 metre - Commercial         | \$240.00           | \$367.20            |
| Pool Hire 50 metre Pool                 | \$120.00           | \$183.60            |
| Pools - Group Fitness Room              | \$28.00            | \$30.00             |
| Pools - Group Fitness Room - Commercial | \$56.00            | \$60.00             |
| Pools - Hourly Massage room             | \$10.00            | \$11.00             |
| Pools - Kayak                           | \$34.70            | \$35.40             |
| Pools - Lane Hire 25m                   | \$8.00             | \$8.20              |
| Pools - Lane Hire 25m - Commercial      | \$16.00            | \$16.40             |
| Pools - Lane Hire Thorndon              | \$13.30            | \$13.60             |
| Pools - Massage room (4hr session)      | \$40.00            | \$40.80             |
| Tawa Pool - whole (Tawa Pool only)      | \$50.00            | \$51.00             |
| Tawa Pool - whole (Teaching pool only)  | \$25.00            | \$25.50             |
| Trestle Tables                          | \$14.00            | \$15.00             |
| WRAC - Events office                    | \$10.00            | \$11.00             |
| WRAC - Lane Hire 50m                    | \$18.00            | \$18.50             |
| WRAC - Lane Hire 50m - Commercial       | \$36.00            | \$37.00             |
| WRAC - Office                           | \$10.00            | \$11.00             |
| WRAC - Storeroom                        | \$10.00            | \$11.00             |

| <b>Pool Fees – Other Rental Fees (non POS items)</b> | <b>Current Fee</b> | <b>Proposed Fee</b> |
|--|--------------------|---------------------|
| Freyberg - Aqua Instructor charge                    | \$55.10            | \$56.20             |

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| <b>Pool Fees – Other Rental Fees (non POS items)</b> | <b>Current Fee</b> | <b>Proposed Fee</b> |
|--|--------------------|---------------------|
| Freyberg - PST 1 child                               | \$6.80             | \$6.90              |
| Freyberg - PST 2 child                               | \$10.00            | \$10.20             |
| Freyberg - PST 3 child                               | \$13.40            | \$13.70             |
| Freyberg - Spa Pool Hire                             | \$104.00           | \$106.50            |
| Karori - Aquatic Activity Instructor                 | \$28.00            | \$30.50             |
| Karori - Inflatable                                  | \$65.00            | \$66.50             |
| Karori - Schools Instructor                          | \$25.00            | \$25.50             |
| Khandallah - Adult Swim                              | \$3.00             | \$3.10              |
| Khandallah - Child Swim                              | \$1.50             | \$1.60              |
| KSP - Aquatic Activity Instructor                    | \$30.00            | \$30.50             |
| KSP - Flippaball registration fee                    | \$59.00            | \$60.20             |
| KSP - Schools Instructor                             | \$25.00            | \$25.50             |
| Sound System / Underwater speakers Full Day          | \$160.00           | \$164.00            |
| Sound System 1/2 day                                 | \$80.00            | \$82.00             |
| Tawa - Aquatic Activity Instructor                   | \$30.00            | \$30.50             |
| Tawa - Inflatable                                    | \$60.00            | \$61.50             |
| Tawa - Schools Instructor                            | \$25.00            | \$25.50             |
| WRAC - Aqua Instructor charge                        | \$60.00            | \$61.50             |
| WRAC - Aquatic Activity Instructor                   | \$30.00            | \$30.50             |
| WRAC - Birthday Party Child                          | \$4.50             | \$4.70              |
| WRAC - Events Passes - Adult                         | \$5.50             | \$6.00              |
| WRAC - Events Passes - Child                         | \$2.50             | \$3.70              |
| WRAC - Fitness Class                                 | \$10.60            | \$11.00             |
| WRAC - Inflatable                                    | \$60.00            | \$80.00             |
| WRAC - Lifeguard non commercial                      | \$30.00            | \$45.00             |
| WRAC - Massage Space                                 | \$33.10            | \$35.00             |
| WRAC - Police Swim Test                              | \$17.00            | \$18.00             |
| WRAC - Rugby Recovery                                | \$7.40             | \$7.60              |
| WRAC - Schools Instructor                            | \$25.00            | \$25.50             |
| WRAC - Scoreboard/BigScreen                          | \$120.00           | \$125.00            |
| WRAC - Showers                                       | \$2.30             | \$2.50              |
| WRAC - Staff Hire                                    | \$42.00            | \$45.00             |

| <b>Pool Fees – Swim Memberships</b> | <b>Current Fee</b> | <b>Proposed Fee</b> |
|-------------------------------------|--------------------|---------------------|
| Adult Monthly                       | \$59.25            | \$60.50             |
| Adult Yearly                        | \$710.45           | \$724.60            |
| Child Monthly                       | \$35.45            | \$36.20             |
| Child Yearly                        | \$426.30           | \$434.80            |
| Adult Monthly LC                    | \$29.63            | \$30.25             |
| Adult Yearly LC                     | \$355.23           | \$362.30            |
| Child Monthly LC                    | \$17.73            | \$18.10             |
| Child Yearly LC                     | \$213.15           | \$217.40            |
| Adult Monthly Swim Club             | \$50.36            | \$51.40             |
| Adult Yearly Swim Club              | \$603.88           | \$615.90            |
| Child Monthly Swim Club             | \$30.13            | \$30.70             |
| Child Yearly Swim Club              | \$362.36           | \$369.60            |

| <b>Pool Fees – Aquatic Programme</b> | <b>Current Fee</b> | <b>Proposed Fee</b> |
|--------------------------------------|--------------------|---------------------|
| Beg School age (Up to Adv 1)         | \$13.50            | \$14.00             |
| Int School age (Adv 2-3)             | \$14.50            | \$15.00             |

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| <b>Pool Fees – Aquatic Programme</b>    | <b>Current Fee</b> | <b>Proposed Fee</b> |
|---|--------------------|---------------------|
| Adv School age (Mini squad / sport fit) | \$15.00            | \$15.50             |

| <b>Pool Fees – Other Programmes</b> | <b>Current Fee</b> | <b>Proposed Fee</b> |
|-------------------------------------|--------------------|---------------------|
| Adult Swim                          | \$14.50            | \$15.00             |
| Adult Kayak                         | \$28.10            | \$28.70             |
| Adult Kayak WRAC                    | \$19.00            | \$19.40             |
| Child Diving KSP                    | \$15.10            | \$15.40             |
| Child Diving WRAC                   | \$15.50            | \$15.80             |
| Child Kayak                         | \$15.10            | \$15.40             |
| Child Snorkelling                   | \$15.10            | \$15.40             |
| Aquatic Club                        | \$15.10            | \$15.40             |
| Private lesson                      | \$60.00            | \$61.50             |
| Tai Chi                             | \$9.50             | \$9.70              |
| Multisport Adult                    | \$21.60            | \$22.00             |
| Multisport Child                    | \$16.20            | \$16.50             |
| CART                                | \$6.00             | \$6.10              |

#### **Recreation Centres**

We are proposing to increase some of our fees for Recreation Centres.

| <b>Recreation Fees – Community Recreation Centres</b>               | <b>Current Fee</b>         | <b>Proposed Fee</b>        |
|---|----------------------------|----------------------------|
| Facility Court Hire - Off Peak                                      | \$27.00                    | \$30.00                    |
| Facility Court Hire - Peak  | \$48.00                    | \$50.00                    |
| Facility Court Hire - Kilbirnie Rec Peak (one off events)           | \$58.50                    | \$60.00                    |
| Facility Court Hire - Kilbirnie Rec (Commerical)                    | \$100.00                   | \$105.00                   |
| Facility Room Hire-Rec Centre Meeting Room - Semi Comm              | \$21.00                    | \$25.00                    |
| Facility Room Hire-Rec Centre Meeting Room - Non Comm               | \$16.00                    | \$18.00                    |
| Casual Play – Adult   | \$3.20                     | \$3.50                     |
| Casual Play – Child   | \$1.60                     | \$2.00                     |
| Casual Play – Leisure Card  | \$1.60                     | \$1.80                     |
| Badminton – Casual  | \$1.80                     | \$2.00                     |
| Tinytown – Preschool  | \$4.20                     | \$4.50                     |
| Tinytown – Leisure Card   | \$2.10                     | \$2.20                     |
| Tinytown – Earlybird  | \$6.70                     | \$6.80                     |
| Tinytown – Earlybird Leisure Card                                   | \$5.30                     | \$5.50                     |
| <b>Programmes</b>   |                            |                            |
| Active Fun Play / Gym Jam   | \$4.50                     | \$5.50                     |
| Preschool 0-2   | \$7.00/\$8.50<br>Casual    | \$7.00/\$9.50<br>Casual    |
| 2 to 5  | \$7.00/\$8.50<br>Casual    | \$7.00/\$9.50<br>Casual    |
| School Age Programmes   | \$8.50                     | \$9.00                     |
| Kilbirnie Rec Centre (skateboarding/rollerskate/rollerblade etc)    | \$9.40                     | \$10.50                    |
| Kilbirnie Rec Centre LC (skateboarding/rollerskate/rollerblade etc) | \$7.50                     | \$8.40                     |
| Social Netball League (adult)                                       | \$55.00 per week           | \$60.00 per week           |
| Miniball League   | \$225.00 per team/per term | \$300.00 per team/per term |

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| <b>Recreation Fees – Community Recreation Centres</b> | <b>Current Fee</b>         | <b>Proposed Fee</b>                |
|---|----------------------------|------------------------------------|
| Basketball League                                     | \$262.50 per team/per term | \$300.00 per team/per term         |
| Parkour (Karori)                                      |                            | \$12.50                            |
| Ezy Movers  | \$5.00                     | \$5.50                             |
| Holiday Programme                                     | \$32.00/\$42.00 Casual     | \$35.00/ \$45.00 or \$50.00 Casual |

| <b>Recreation Fees – Indoor Community Sports Centre (ASB)</b> | <b>Current Fee</b> | <b>Proposed Fee</b> |
|---|--------------------|---------------------|
| Facility Court Hire - Off Peak                                | \$37.00            | \$40.00             |
| Facility Court Hire - Peak                                    | \$55.00            | \$60.00             |
| Facility Room Hire - Matairangi Room 1hr                      | \$40.00            | \$41.00             |
| Facility Room Hire - Ngake Room 1hr                           | \$20.00            | \$20.50             |
| Facility Room Hire – Ngake/Whataitai Room 1hr                 | \$40.00            | \$41.00             |
| Facility Room Hire - Whataitai Room 1hr                       | \$20.00            | \$20.50             |
| Casual Play – Adult   | \$3.20             | \$3.50              |
| Casual Play – Child   | \$1.60             | \$2.00              |
| Casual Play – Leisure Card                                    | \$1.60             | \$1.80              |
| Badminton – Off Peak  | \$9.00             | \$11.00             |
| Badminton –Peak   | \$14.00            | \$16.00             |
| Volleyball – Off Peak   | \$24.00            | \$24.50             |
| Volleyball –Peak  | \$37.00            | \$38.00             |
| Table Tennis – Off Peak                                       | \$9.00             | \$10.00             |
| Table Tennis –Peak  | \$14.00            | \$16.00             |
| Programmes – Preschool 0-2                                    | \$6.00             | \$7.00              |
| Programmes – Preschool 2-5                                    | \$6.00             | \$7.50              |

**Public Health Regulations**

We are proposing new fees and fee structure for Food Act fees under the new Food Act 2014. The Statement of Proposal for the consultation on the Food Act 2014 fees is outlined on page xx of the 2016/17 AP Consultation Document.

| <b>Public Health Food Act 2014 Fees – Proposed Fee Schedule</b> | <b>Time Included</b> | <b>Proposed Fee</b> |
|---|----------------------|---------------------|
| Registration  | 1 hour               | \$155.00            |
| Registration renewal/Re-register                                | half hour            | \$77.50             |
| <b>Amendment</b>  |                      |                     |
| Significant   | 1 hour               | \$155.00            |
| Minor   | half hour            | \$77.50             |
| Change of circumstances   | half hour            | \$77.50             |
| <b>Voluntary suspension</b>                                     | half hour            | \$77.50             |
| <b>Verification</b>   |                      |                     |
| 1 <sup>st</sup> verification                                    | 2.5 hours            | \$387.50            |
| 2nd verification  | 2.5 hours            | \$387.50            |
| <b>Compliance</b>   |                      |                     |

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| <b>Public Health Food Act 2014 Fees – Proposed Fee Schedule</b> | <b>Time Included</b> | <b>Proposed Fee</b> |
|---|----------------------|---------------------|
| Notice  | 1 hour               | \$155.00            |
| Application for review  | 1 hour               | \$155.00            |
| Statement of compliance   | half hour            | \$77.50             |
|   |                      |                     |
| <b>Opening inspections</b>                                      | 1 hour               | \$155.00            |
| <b>Additional hours</b>   | per hour             | \$155.00            |

| <b>Public Health Food Act 2014 Fees – National Programme</b> | <b>Time Included</b> | <b>Proposed Fee</b> |
|--|----------------------|---------------------|
| Registration   | 1 hour               | \$155.00            |
| Registration renewal/Re-register                             | half hour            | \$77.50             |
|  |                      |                     |
| <b>Amendment</b>   |                      |                     |
| Change of circumstances                                      | half hour            | \$77.50             |
|  |                      |                     |
| <b>Voluntary suspension</b>                                  | half hour            | \$77.50             |
|  |                      |                     |
| <b>Verification</b>  |                      |                     |
| 1 <sup>st</sup> verification                                 | 1 hour               | \$155.00            |
| 2nd verification   | 1 hour               | \$155.00            |
|  |                      |                     |
| <b>Compliance</b>  |                      |                     |
| Notice   | 1 hour               | \$155.00            |
| Application for review                                       | 1 hour               | \$155.00            |
| Statement of compliance                                      | half hour            | \$77.50             |
|  |                      |                     |
| <b>Opening inspections</b>                                   | 1 hour               | \$155.00            |
| <b>Additional hours</b>                                      | per hour             | \$155.00            |

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Wellington City Council

Annual Plan 2016/17  
**STATEMENTS OF  
SERVICE  
PROVISION**

caimc2m

[www.our10yearplan.XXX](http://www.our10yearplan.XXX)

## Contents

|  |    |
|--|----|
| Statements of Service Provision .....                    | 3  |
| Our goals .....  | 3  |
| 1. Governance - Pārongo Ā-Tāone .....                    | 4  |
| KEY PROJECTS .....                                       | 4  |
| STATEMENT ON MAORI AND MANA .....                        | 5  |
| GOVERNANCE –GROUP OF ACTIVITIES .....                    | 5  |
| GOVERNANCE- PERFORMANCE MEASURES .....                   | 5  |
| GOVERNANCE –ACTIVITY BUDGET .....                        | 6  |
| 2. Environment – Taiao .....                             | 8  |
| KEY PROJECTS .....                                       | 8  |
| <i>Biodiversity Action Plan</i> .....                    | 8  |
| ENVIRONMENT – GROUP OF ACTIVITIES .....                  | 10 |
| ENVIRONMENT – PERFORMANCE MEASURES .....                 | 11 |
| ENVIRONMENT –ACTIVITY BUDGET .....                       | 15 |
| 3. Economic Development - Whanaketanga ōhanga .....      | 19 |
| 4. Cultural wellbeing - Oranga ahurea .....              | 19 |
| KEY PROJECTS .....                                       | 19 |
| ECONOMIC DEVELOPMENT – GROUP OF ACTIVITIES .....         | 20 |
| ECONOMIC DEVELOPMENT – PREFORMANCE MEASURES .....        | 21 |
| ECONOMIC DEVELOPMENT – ACTIVITY BUDGET .....             | 21 |
| CULTURAL WELLBEING – GROUP OF ACTIVITIES .....           | 22 |
| CULTURAL WELLBEING – PERFORMANCE MEASURES .....          | 23 |
| CULTURAL WELLBEING – ACTIVITY BUDGET .....               | 23 |
| 5. Social and Recreation - Pāpori me te hākinakina ..... | 25 |
| KEY PROJECTS .....                                       | 25 |
| SOCIAL AND RECREATION – GROUP OF ACTIVITIES .....        | 27 |
| SOCIAL AND RECREATION – PERFORMANCE MEASURES .....       | 28 |
| SOCIAL AND RECREATION – ACTIVITY BUDGET .....            | 31 |
| 6. Urban Development - Tāone Tupu Ora .....              | 33 |
| KEY PROJECTS .....                                       | 33 |
| URBAN DEVELOPMENT – GROUP OF ACTIVITIES .....            | 35 |
| URBAN DEVELOPMENT – PERFORMANCE MEASURES .....           | 36 |
| URBAN DEVELOPMENT – ACTIVITY BUDGET .....                | 37 |
| 7. Transport – Waka .....                                | 39 |
| KEY PROJECTS .....                                       | 39 |
| TRANSPORT – GROUP OF ACTIVITIES .....                    | 40 |
| TRANSPORT – PPERFORMANCE MEASURES .....                  | 41 |
| TRANSPORT – ACTIVITY STATEMENT .....                     | 43 |

|  |    |
|--|----|
| 8. Council Controlled Organisations .....  | 45 |
| WELLINGTON REGIONAL STADIUM TRUST .....  | 45 |
| WELLINGTON REGIONAL ECONOMIC DEVELOPMENT AGENCY .....                                  | 46 |
| WELLINGTON MUSEUMS TRUST .....   | 47 |
| WELLINGTON CABLE CAR LIMITED .....   | 48 |
| WELLINGTON WATER LIMITED .....   | 49 |
| WELLINGTON ZOO TRUST .....   | 50 |
| BASIN RESERVE TRUST .....  | 51 |
| LAMBTON HARBOUR MANAGEMENT LIMITED (TRADING AS WELLINGTON<br>WATERFRONT LIMITED) ..... | 52 |
| Wellington Waterfront Development Plan – Year 16/17 .....                              | 53 |

## Statements of Service Provision

### Our goals

We've set in place clear goals

The Council has set in place an overarching long term strategic vision for the city *Wellington Towards 2040: Smart Capital*. It aims to grow and sustain the city as 'an inclusive place where talent wants to live'.

The strategic vision is supported by four community outcomes or long term goals:

**Connected city:** With improved physical and virtual connections, we can unleash the potential of Wellington's people and businesses. Technology reduces the city's physical distance from the world and markets, and the city's compactness allows for relationships to form with ease.

**People-centred city:** Cities compete more for people – in particular, for the highly skilled, educated people who already make up a large proportion of Wellington's population. It will become increasingly important to draw on these strengths, to ensure the city is open, welcoming, vibrant and embraces diversity.

**Eco-city:** We can build on current environmental strengths to transition to a low carbon future. As an eco-city Wellington will achieve high standards of environmental performance, coupled with outstanding quality of life and an economy increasingly based on smart innovation.

**Dynamic central city:** By fostering the central city as a hub of creative enterprise, we can lead the region to the next level in economic transformation. With universities, research organisations and creative businesses all clustered in or near the central city, Wellington can grow, taking the wider region to the next step in prosperity and quality jobs.

These outcomes guide our activities.

# 1. Governance - Pārongo Ā-Tāone

Governance is about democratic local decision-making on behalf of the people of Wellington. Our governance activities include managing local elections, informing residents about the city and the issues or challenges it faces, listening to residents' views, making decisions in the best interests of the city and its people, and managing partnerships with mana whenua and other groups.

This work is essential for local democracy and for the quality of Council decision-making. Residents have a fundamental right to influence the makeup of the Council through elections, and to be informed about, and influence, Council decision-making. Public input and involvement improves the quality of decision-making by ensuring that all points of view and all relevant information are considered.

Our partnerships with mana whenua recognise their special place in the city's history and special relationships with its land, waterways and other parts of its environment.

## KEY PROJECTS

### Giving effect to the 2015/25 Long-term Plan

It's the Council's job to enable democratic local decision-making and meet the current and future needs of our communities for local infrastructure, public services and regulatory functions in the most cost-effective way.

### Delivering value for money

It's the Council's job to enable democratic local decision-making and meet the current and future needs of our communities for local infrastructure, public services and regulatory functions in the most cost-effective way.

### E-voting trial

During the local authority elections in September and October this year the Council hopes to participate in an online voting pilot along with other councils. Cabinet will decide whether it will proceed and the Council and its providers must meet a number of requirements regarding risk management, the security of the system and ensure that voters understand and have confidence in the system. If the pilot is approved, the Council will make a final decision later in the year. Online voting will have benefits including, making voting faster and easier, making it easier to vote for people who are overseas, encourage youth to vote and participate and will hopefully assist in lowering the number of errors on papers or invalid votes.

### Local elections

The local authority elections are held every three years throughout New Zealand and this year Election Day is Saturday 8 October. Elections will be held for the Mayor, 14 Councillors (who are elected from 5 wards) and Community Board members for the Tawa and Makara-Ohariu Community Boards.

Nominations from members of the public who are interested in standing will be open from 15 July and close at 12 noon on Friday 12 August. To be eligible to stand a candidate must be a New Zealand citizen and enrolled on the electoral roll.

Voting documents will be posted out to all electors who are enrolled from 16 September. The voting period is approximately 3 weeks. Voters fill out the form and post the voting document back by 12pm (noon) on Saturday 8 October.

Wellington uses the Single Transferrable Vote (STV) voting system where voters rank their preferred candidates with a number - (1) (2) etc. Candidates are elected by reaching the 'quota' the number of votes required to be elected. Wellington has used this system since 2002.

A progress result is generally expected by late afternoon on Saturday 8 October

### Digitisation of information

We have a requirement to digitise paper files so that it can respond to internal and external requests with digital documents and move to design and delivery of end-to-end digital services.

Council digitisation is delivered by a digitisation service established on-site at City Archives that will operate through to at least 30 June 2020. This service specialises in digitising paper files that need to be digitised and the paper original preserved. These types of files are being digitised as they are used or if they are at risk from overuse. At the same time an off-site outsourced arrangement with Desktop Imaging Limited is used to by one-off digitisation projects where the paper originals are no longer required.

## STATEMENT ON MAORI AND MANA WHENUA

### Our Treaty obligations

The Wellington City Council is involved in numerous activities that provide a platform for engagement with local iwi and the wider Māori community. We are also subject to a wide range of legal obligations and Te Tiriti o Waitangi considerations, including Memoranda of Understanding with local iwi mana whenua entities – Port Nicholson Block Settlement Trust and Te Rūnanga o Toa Rangatira Incorporated.

### Mana whenua partnerships and iwi support

The legal obligations may be the foundations for organisational policy and delivery but on their own they don't adequately emphasise the importance of Te Tiriti, the partnership with Māori and the critical value that this unique relationship can bring to the city both domestically and internationally.

As such, we will work to ensure the past, present and future role of Māori in our city will be valued and reflected in all aspects of our work, including urban design, economic development, resource management, social wellbeing, arts, culture and recreation

## GOVERNANCE –GROUP OF ACTIVITIES

| GROUP OF ACTIVITIES   | RATIONALE   | SERVICE OFFERING  | NEGATIVE EFFECTS  |
|---|---|---|---|
| <b>1.1 Governance, information and engagement</b><br>1.1.1 City governance and engagement<br>1.1.2 Civic information<br>1.1.3 City Archives | Facilitating democratic decision-making<br><br>Providing open access to information | <ul style="list-style-type: none"> <li>• Providing advice, research and administrative support to elected members and community boards</li> <li>• Hosting local body elections</li> <li>• A call centre and website providing 24/7 access to information and a place to log service faults</li> <li>• Management of archival information in line with legislation</li> <li>• Provision of public access services to our archive collection, including the Building Consent Search Service</li> <li>• Facilitating engagement on key issues and input from advisory groups</li> <li>• Accountability planning and reporting</li> </ul> | There are no significant negative effects from these activities |
| <b>1.2 Māori and mana whenua partnerships</b><br>1.2.1 Māori and mana whenua partnerships   | Partnership and recognition of the special place of mana whenua                     | <ul style="list-style-type: none"> <li>• Maintaining formal relationships with two mana whenua partners.</li> <li>• Facilitating opportunities to contribute to local decision making</li> </ul>  | There are no significant negative effects from these activities |

## GOVERNANCE- PERFORMANCE MEASURES

| GOVERNANCE         |  |
|--------------------|--|
| Objectives         | Democratic decision-making<br>Open access to information<br>Recognition of Māori   |
| Outcome Indicators | Residents (%) who agree that decisions are made in the best interests of the city<br>Residents (%) who state that they understand how the Council makes decisions<br>Residents (%) who understand how they can have input into Council decision-making<br>Mana whenua partners agree that the use and protection of the city's resources for the future is appropriate<br>Residents (%) who believe they have the opportunity to participate in city life<br>Voter turnout in local elections, referendums and polls |

| <b>1.1 Governance, information and engagement</b>                                      |   |           |           |                         |
|--|---|-----------|-----------|-------------------------|
| 1.1.1 City governance and engagement<br>1.1.2 Civic information<br>1.1.3 City Archives |   |           |           |                         |
| PURPOSE OF MEASURE   | PERFORMANCE MEASURE   | 2016/17   | 2017/18   | 2018-25                 |
| To measure the quality of the public's involvement in Council decision-making          | Residents (%) satisfaction with the level of consultation (i.e. The right amount)   | 55%       | 55%       | 55%                     |
|  | Residents (%) who are satisfied or neutral (neither satisfied nor dissatisfied) with regard to their involvement with decision-making       | 75%       | 75%       | 75%                     |
| To measure the quality and timeliness of residents' access to information              | Council and committee agendas (%) are made available to the public within statutory timeframes (2 working days prior to the meeting)        | 100%      | 100%      | 100%                    |
|  | Council and committee agendas (%) that are made available to <i>elected members</i> five days prior to the meeting                          | 80%       | 80%       | 80%                     |
|  | Residents (%) who agree that Council information is easy to access (i.e. From web centre, libraries, newspapers, etc.)                      | 55%       | 60%       | <i>Increasing trend</i> |
|  | Residents (%) who agree that Council website is easy to navigate and get information from   | 70%       | 75%       | 75%                     |
|  | Contact Centre response times - calls (%) answered within 30 seconds  | 80%       | 80%       | 80%                     |
|  | Contact Centre response times - emails (%) responded to within 24 hours   | 100%      | 100%      | 100%                    |
| <b>1.2 Maori and mana whenua partnerships</b>  |   |           |           |                         |
| 1.2.1 Māori and mana whenua partnerships   |   |           |           |                         |
| PURPOSE OF MEASURE   | PERFORMANCE MEASURE   | 2016/17   | 2017/18   | 2018-25                 |
| To measure the health of our relationship with mana whenua                             | Mana whenua partner satisfaction with Council relationship (satisfied and very satisfied)   | Satisfied | Satisfied | Satisfied               |
| To measure the engagement of the city's Maori residents                                | Maori residents (%) who are satisfied or neutral (neither satisfied nor dissatisfied) with regard to their involvement with decision-making | 75%       | 75%       | 75%                     |

**GOVERNANCE –ACTIVITY BUDGET**

| <b>1.1 GOVERNANCE , INFORMATION AND ENGAGEMENT</b> | 2015-25 LTP       | 2015-25 LTP                  | 2016/17           |
|--|-------------------|------------------------------|-------------------|
|  | YEAR 1            | YEAR 1                       | ANNUAL PLAN       |
|  | GROSS EXPENDITURE | AMENDED<br>GROSS EXPENDITURE | GROSS EXPENDITURE |
| <b>OPERATING EXPENDITURE</b>                       | <b>(\$000)</b>    | <b>(\$000)</b>               | <b>(\$000)</b>    |
| 1.1.1 – City governance and engagement             | 9,901             | 9,901                        | 10,896            |
| 1.1.2 – Civic information                          | 5,435             | 5,435                        | 5,182             |
| 1.1.3 – City archives                              | 1,758             | 1,758                        | 1,969             |
| <b>Total operating expenditure</b>                 | <b>17,094</b>     | <b>17,094</b>                | <b>18,047</b>     |

| <b>CAPITAL EXPENDITURE</b>             | <b>(\$000)</b> | <b>(\$000)</b> | <b>(\$000)</b> |
|--|----------------|----------------|----------------|
| 1.1.1 - City governance and engagement | -              | -              | 116            |
| 1.1.2 - Civic information              | -              | -              | -              |
| 1.1.3 - City archives                  | -              | -              | -              |
| <b>Total capital expenditure</b>       | <b>-</b>       | <b>-</b>       | <b>116</b>     |

| <b>1.2 Maori and mana whenua partnerships</b> | <b>2015-25 LTP<br/>YEAR 1<br/>GROSS EXPENDITURE</b> | <b>2015-25 LTP<br/>YEAR 1<br/>AMENDED<br/>GROSS EXPENDITURE</b> | <b>2016/17<br/>ANNUAL PLAN<br/>GROSS EXPENDITURE</b> |
|---|---|---|--|
| <b>OPERATING EXPENDITURE</b>                  | <b>(\$000)</b>                                      | <b>(\$000)</b>  | <b>(\$000)</b>                                       |
| 1.2.1 - Maori and Mana Whenua partnerships    | 281   | 281   | 295  |
| <b>Total operating expenditure</b>            | <b>281</b>  | <b>281</b>  | <b>295</b>   |
| <b>CAPITAL EXPENDITURE</b>                    | <b>(\$000)</b>                                      | <b>(\$000)</b>  | <b>(\$000)</b>                                       |
| 1.2.1 - Maori and Mana Whenua partnerships    | -   | -   | -  |
| <b>Total capital expenditure</b>              | <b>-</b>  | <b>-</b>  | <b>-</b>   |

## 2. Environment – Taiao

The Council is responsible for vital services such as water supply, waste reduction and disposal, and wastewater and stormwater services. We fund conservation attractions such as Zealandia and Wellington Zoo, manage open spaces such as the Town Belt and Outer Green Belt and the city's beaches and coastline.

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

### KEY PROJECTS

#### CEMARS membership

We achieved CEMARS (Certified Emissions Management and Reduction Scheme) accreditation in December following a two day audit of the energy and emissions data collected by Wellington City Council and CCOs. Accreditation means that we can now have confidence that the data we collect is accurate and comprehensive and a precise measure of how we are performing. This enables us to start measuring our energy and greenhouse gas emissions reduction progress against this original audit or 'baseline year' and make more informed decisions about our energy management and emissions reduction work programmes.

#### Smart energy

The Smart Energy Capital programme creates partnerships where WCC matches funds "dollar-for-dollar" with strategic partners. The programme aims to reduce city-level greenhouse gas emissions by initiating or scaling up projects that achieve the following outcomes:

- Reduction in energy use
- Increase in renewable energy
- Increase in alternatives to fossil fuels.

Though reductions in greenhouse gas emissions are the primary aim the Smart Energy Capital programme also looks to achieve co-benefits in the following areas:

- Smart and healthy homes – projects that aim to improve the energy efficiency and health of households.
- Efficient commercial buildings – projects that aim to improve the energy efficiency/performance of our commercial building stock and business.
- Distributed renewable energy – projects involving the installation of distributed renewable energy systems (particularly solar and wind).
- Fuel switching – products that introduce low-carbon alternatives (such as biofuels or electric vehicles) to standard transport fuels.
- Innovation – projects that are addressing Wellington and New Zealand's future energy challenges and opportunities (e.g. smart grid and smart home technologies).

#### Enviroschools

Enviroschools is a national programme that involves students taking action to create healthier, more peaceful and sustainable communities. It's about the wellbeing of the whole school, community and eco-system, and working out how to live so that our communities and our economy nourish the natural systems that give us life.

Some of the benefits of the Enviroschools programme to schools include action-based learning, deepening knowledge about ecological sustainability and community resilience, creating genuine leadership opportunities for students and cost-savings through more efficient school-wide practices.

#### Our Natural Capital

##### *Biodiversity Action Plan*

Our Natural Capital - Wellington's Biodiversity Strategy and Action Plan is our vision for the city's indigenous biodiversity.

The Biodiversity Strategy and Action plan aims to:

- protect the city's indigenous biodiversity, restore significant areas, create safe buffer zones around them and connect them together
- reduce pest numbers throughout Wellington City to a point where our native species can survive and populations can expand
- focus on raising awareness of the issues facing indigenous biodiversity and connecting people to their natural environment.

This is an ongoing project with a budget of \$3.7 million (\$3.2 million operational and \$457,000 capital expenditure over the next 10 years)

### **Walkway upgrades**

We deliver on-going renewals and upgrades of programme of trails as per the Open Spaces Access Implementation Plan and Our Capital Spaces. The purpose of the renewals and upgrade programme is to:

- Ensure safe, accessible and sustainable trails are provided that enables all trail users to be active and healthy. To meet the local trail users community expectations regarding on going trail works throughout Council's reserve network
- To meet the objectives of Our Capital Spaces by ensuring beginner riders have the opportunity to ride within the Council's reserve network. Provide a family ride, easy walk resource within the reserve network.

### **Harbour escarpment walkway**

The Harbour Escarpment Walk will eventually link Waihinahina Park in Newlands to Kaiwharawhara, running through Newlands along the coastal escarpment.

It was identified in the Northern Reserves Management Plan (2008). Some components have already been developed, but this new work will significantly improve the connectivity through here and be a great asset for both locals and visitors

### **Zealandia**

Council will maintain its grant funding and will continue its in-kind support for the activities and initiatives Zealandia provides to visitors and residents.

### **Wastewater Laterals**

Wastewater laterals are pipes that connect the plumbing in homes and businesses to public sewer mains. Private property owners in Wellington are currently responsible for the repair and renewal of wastewater laterals all the way to the connection with the public sewer main, including any parts under road reserve (mainly roads and verges). This would also transfer the costs from a private property owner (user pays basis) to all ratepayers (rates-taxation basis) funding this activity.

#### **Impact**

If the Council responsibility for wastewater laterals in road reserve is agreed, it is estimated the annual cost to the Council would be around \$0.8 million in capital expenditure and \$1 million in operational expenditure annually. It is also anticipated that there may be a spike in the costs associated with laterals in first few years of the Council assuming responsibility as a result of deferred maintenance.

### **Hydraulic modelling**

Council needs to better understand the existing capacity of the network, where and to what extent we are providing flood protection to a 1 in 5 year severity event, and where the areas exposed to high flood risk are.

The hydraulic modelling projects will address this over the next three years; planning controls will also play an important and increasing role in reducing flood risk. There are some known problem areas and we propose progressive improvement in these areas whilst still advancing our understanding of city-wide issues.

### **Stormwater upgrades**

The Council manages the network that collects, transports and disposes of stormwater. We work hard to reduce the risks of flooding and pollution.

Stormwater is discharged – untreated- into Wellington harbour and streams and that is why it is important to keep it as clean as possible. The Council commits resources each year to improving water quality in the inner harbour and along the south coast. We have also an established programme of stormwater modelling.

**ENVIRONMENT – GROUP OF ACTIVITIES**

| GROUP OF ACTIVITIES  | RATIONALE  | SERVICE OFFERING   | NEGATIVE EFFECTS   |
|--|--|--|--|
| <p><b>2.1 Parks, gardens, beaches and green open spaces</b></p> <p>2.1.1 Local parks and open spaces</p> <p>2.1.2 Botanical gardens</p> <p>2.1.3 Beaches and coast operations</p> <p>2.1.4 Roads open spaces</p> <p>2.1.5 Town belts</p> <p>2.1.6 Community environmental initiatives</p> <p>2.1.7 Walkways</p> <p>2.1.8 Biodiversity</p> <p>2.1.9 Waterfront public space</p> | <p>Provide access to green open spaces</p> <p>Provide the public places to congregate and connect with the natural environment</p> <p>Provide access to recreational opportunities</p> <p>Enhance, protect and restore biodiversity</p> <p>Act as guardians or Kaitiaki for the natural environment</p> <p>Improve community health and wellbeing</p> <p>Maintain city pride and sense of place</p> <p>Contribute to economic growth and city resilience</p> | <p>Manage and maintain:</p> <ul style="list-style-type: none"> <li>• 4,000ha of parks, reserves and beaches</li> <li>• 4 botanic gardens of national significance</li> <li>• 200 buildings for community use</li> <li>• 340km of walking and mountain bike tracks</li> <li>• over 200,000 square metres of amenity bedding and horticultural areas</li> <li>• operate and maintain beaches, boat ramps, wharves, seawalls and slipways</li> <li>• Work in partnership with mana whenua, volunteer and friends groups</li> <li>• Deliver a significant annual programme of pest weeds and animal control</li> <li>• Operate a nursery that provides eco-sourced plants for a city-wide restoration programme</li> </ul> | <p>In our management of the city's green open spaces, we seek to balance recreation needs against environmental protection. While recreational use can have negative effects on the immediate environment, in most cases these are not significant and can be appropriately mitigated and managed</p> <p>The impact of climate change and sea-level rise will continue to require us to have an adaptive response to ensure future resilience</p> <p>Working in partnership with the community will ensure we continue to enhance Wellington's natural capital and build peoples' connection with nature</p> |
| <p><b>2.2 Waste reduction and energy conservation</b></p> <p>2.2.1 Waste minimisation, disposal and recycling</p> <p>2.2.2 Closed landfills aftercare</p> <p>2.2.3 Energy efficiency and conservation</p>  | <p>Minimise and manage waste</p>   | <p>Manage and monitor</p> <ul style="list-style-type: none"> <li>• landfill operations / composting waste at the Southern Landfill</li> <li>• domestic recycling and rubbish collection</li> <li>• the environmental impacts of closed landfills</li> <li>• programmes to educate residents to manage and minimise waste effectively</li> <li>• programmes and services to help residents and businesses monitor and reduce their energy use and make their homes and workplaces more energy efficient</li> <li>• Council energy consumption and energy efficiency</li> </ul>  | <p>Waste management has the potential to create leachates and gases. The construction and management of the southern landfill is designed to minimise the impact of these. The service is subject to resource consent conditions and is monitored</p> <p>We do not anticipate any significant negative effects associated with our provision of energy efficiency and conservation services</p>  |
| <p><b>2.3 Water</b></p> <p>2.3.1 Water network</p> <p>2.3.2 Water collection and treatment</p>   | <p>Security of supply of potable water</p>   | <ul style="list-style-type: none"> <li>• Ensure high quality water is available at all times for drinking and other household and business uses.</li> <li>• Maintain 80 reservoirs, 34 pumping stations, 8,000 hydrants and 1,250km of pipes</li> </ul>  | <p>We do not anticipate any significant negative effects associated with our provision of these services</p>   |
| <p><b>2.4 Wastewater</b></p>   | <p>Clean waterways are essential</p>   | <p>Provide and monitor:</p>  | <p>The wastewater network aims</p>   |

|   |  |  |  |
|---|--|--|--|
| 2.4.1 Sewage collection and disposal<br>2.4.2 Sewage treatment                | for public health and to the city's environment  | <ul style="list-style-type: none"> <li>The city's sewage collection, treatment and disposal in line with resource consent conditions.</li> <li>Introduce a real time network monitoring system</li> <li>Monitor the performance of Wellington Water</li> </ul>   | to protect public health. The council has made significant investment in the networks, plant and equipment to treat the waste before it is disposed. There is the risk of minor overflows into waterways during storm events. These occurrences are rare and are monitored to reduce public health impacts |
| <b>2.5 Stormwater</b><br>2.5.1 Stormwater management                          | Keep people and property safe from flooding  | <ul style="list-style-type: none"> <li>Maintain, renew and upgrade the stormwater network to protect people and property from flooding</li> <li>Introduce a hydraulic model to provide better understanding of the risks</li> <li>Monitor the performance of Wellington Water</li> </ul>   | The stormwater network aims to minimise the impact of flooding on people and property. The network can carry containments, such as oils from roads or run off from developments, into waterways. We educate residents to change behaviours, such as pouring paint down drains, and monitor our waterways   |
| <b>2.6 Conservation Attractions</b><br>2.6.1 Conservation visitor attractions | Inform and educate on the importance of conservation and biodiversity<br>Attract visitors<br>Protection of flora and fauna | <ul style="list-style-type: none"> <li>Provide funding and support to the Wellington Zoo Trust and monitor performance</li> <li>Provide funding and support to the Karori Sanctuary Trust (Zealandia) and monitor performance</li> <li>Resource consent provision has been made in the budget for the Ocean Exploration Centre on the south coast</li> </ul> | We do not anticipate any significant negative effects associated with our role in these services   |

**ENVIRONMENT – PERFORMANCE MEASURES**

|   |  |
|---|--|
| <b>ENVIRONMENT</b>  |  |
| <b>Objectives</b>   | <b>Security of supply</b><br><b>Waste reduction</b><br><b>Access to green open spaces</b><br><b>Biodiversity</b>   |
| <b>Outcome Indicators</b>   | Open space land owned or maintained by WCC - total hectares and sqm per capita<br>Residents' usage of the city's open spaces - local parks and reserves, botanic gardens, beaches and coastal areas, and walkways<br>Residents' perceptions that the natural environment is appropriately managed and protected<br>Hours worked by recognised environmental volunteer groups and botanic garden volunteers<br>Water consumption (commercial and residential combined)<br>Freshwater biological health (macro invertebrates) - Makara, Karori, Kaiwharawhara and Porirua stream<br>Freshwater quality - Makara, Karori, Kaiwharawhara and Porirua streams (note data for Owhiro Stream not available)<br>Energy use per capita<br>Number/sqm of 'green star' buildings/space in the city<br>Total kerbside recycling collected per capita<br>Total waste to the landfill per capita<br>Selected indicators from the City Biodiversity Index (specific indicators to be confirmed) |
| <b>2.1 Gardens, beaches and green open spaces</b>   |  |
| 2.1.1 Local parks and open spaces<br>2.1.2 Botanical gardens<br>2.1.3 Beaches and coast operations<br>2.1.4 Roads open spaces |  |

| 2.1.5 Town belts<br>2.1.6 Community environmental initiatives<br>2.1.7 Walkways<br>2.1.8 Biodiversity (pest management)<br>2.1.9 Waterfront public space |   |   |   |   |
|--|---|---|---|---|
| PURPOSE OF MEASURE   | PERFORMANCE MEASURE   | 2016/17                                       | 2017/18                                       | 2018-25                                       |
| To measure the quality of the open spaces we provide   | Residents' satisfaction (%) with the quality and maintenance of green open spaces - local parks, playgrounds and reserves; botanic gardens; beaches and coastal areas; and walkways | 90%   | 90%   | 90%   |
|  | Number of visitors to the Botanic Gardens (including Otari-Wiltons Bush)  | 1,280,000                                     | 1,280,000                                     | 1,280,000                                     |
| To measure the quality of street cleaning services   | Residents' satisfaction (%) with the quality of street cleaning   | 85%   | 85%   | 85%   |
|  | Street cleaning (%) compliance with quality performance standards   | 98%   | 98%   | 98%   |
| To measure the quality and quantity of work we undertake to protect biodiversity   | We will plant 2 million trees by 2020   | 1,539,927<br>(77% of 2020 target)             | 1,690,127<br>(85% of 2020 target)             | 2 million by 2020<br>(100% of target)         |
|  | High value biodiversity sites (%) covered by integrated animal pest control or weed control   | 59%   | 63%   | 70% by 2020                                   |
|  | Proportion of grant funds successfully allocated (through milestones being met)   | 95%   | 95%   | 95%   |
| 2.2 Waste reduction and energy conservation  |   |   |   |   |
| 2.2.1 Waste minimisation, disposal and recycling management<br>2.2.2 Closed landfills aftercare<br>2.2.3 Energy efficiency and conservation              |   |   |   |   |
| PURPOSE OF MEASURE   | PERFORMANCE MEASURE   | 2016/17                                       | 2017/18                                       | 2018-25                                       |
| To measure the quality of waste reduction and recycling services   | Residents (%) satisfaction with recycling collection services   | 85%   | 85%   | 85%   |
|  | Waste diverted from the landfill (tonnes)   | at least 16,500 tonnes of recyclable material | at least 16,500 tonnes of recyclable material | at least 16,500 tonnes of recyclable material |
|  | Residents (%) who regularly use recycling (including weekly, fortnightly or monthly use)  | 90%   | 90%   | 90%   |
| To measure the quality of our waste disposal services  | Residents (%) satisfaction with waste collection services   | 90%   | 90%   | 90%   |
|  | Energy sourced from the Southern Landfill (GWh)   | 8 GWh   | 8 GWh   | 8 GWh   |

|   |  |  |  |  |
|---|--|--|--|--|
| To measure the amount (quantity) of the Council's energy consumption and emissions                    | WCC corporate energy use (including WCC general, pools and recreation centres, and CCOs)<br><br>WCC corporate greenhouse gas emissions   | Decrease in energy use from previous year<br><br>Compared to 2003, reduce emissions 40% by 2020 and 80% by 2050                                | Decrease in energy use from previous year<br><br>Compared to 2003, reduce emissions 40% by 2020 and 80% by 2050                                | Declining trend<br><br>Compared to 2003, reduce emissions 40% by 2020 and 80% by 2050  |
| <b>2.3 Water</b><br>2.3.1 Water network<br>2.3.2 Water collection and treatment                       |  |  |  |  |
| <b>PURPOSE OF MEASURE</b>   | <b>PERFORMANCE MEASURE</b>   | <b>2016/17</b>   | <b>2017/18</b>   | <b>2018-25</b>   |
| To measure the quality of water supplied to residents and the services that ensure security of supply | Compliance with Drinking Water Standards for NZ 2005 (revised 2008) (Part 4 bacterial compliance criteria) and (Part 5 protozoal compliance criteria)<br><br>Maintenance of water supply quality gradings from Ministry of Health<br><br>Customer satisfaction with water supply<br><br>Number of complaints about:<br>(a) drinking water clarity<br>(b) drinking water taste<br>(c) drinking water odour<br>(d) drinking water continuity of supply<br>(e) responsiveness to drinking water complaints per 1000 connections.<br><br>Median response time for:<br>(a) attendance for urgent call outs<br>(b) resolution for urgent call out<br>(c) attendance for non-urgent call outs<br>(d) resolution for non-urgent call outs<br><br>Percentage of real water loss from networked reticulation system<br><br>Average drinking water consumption/resident/day<br><br>Number of unplanned supply cuts per 1000 connections | 100%<br><br>Maintain<br><br>90%<br><br>n/a<br><br>60min<br>4 hours<br>36 hours<br><br>15 days<br><br><14%<br><br>375 litres per day<br><br>< 4 | 100%<br><br>Maintain<br><br>90%<br><br>n/a<br><br>60min<br>4 hours<br>36 hours<br><br>15 days<br><br><14%<br><br>375 litres per day<br><br>< 4 | 100%<br><br>Maintain<br><br>90%<br><br>n/a<br><br>60min<br>4 hours<br>36 hours<br><br>15 days<br><br><14%<br><br>375 litres per day<br><br>< 4 |
| <b>2.4 Wastewater</b><br>2.4.1 Sewage collection and disposal network<br>2.4.2 Sewage treatment       |  |  |  |  |
| <b>PURPOSE OF MEASURE</b>   | <b>PERFORMANCE MEASURE</b>   | <b>2016/17</b>   | <b>2017/18</b>   | <b>2018-25</b>   |
|   | Number of wastewater reticulation incidents  | <=1.2  | <=1.2  | <=1.2  |

|   |   |                                 |                                 |                                |
|---|---|---------------------------------|---------------------------------|--------------------------------|
| To measure the quality and timeliness of the wastewater service | per km of reticulation pipeline (blockages)   |                                 |                                 |                                |
|   | Dry weather wastewater overflows/1000 connections   | 0                               | 0                               | 0                              |
|   | Customer satisfaction with the wastewater service   | 75%                             | 75%                             | 75%                            |
|   | Number of complaints about:<br>(a) wastewater odour<br>(b) wastewater system faults<br>(c) wastewater system blockages<br>(d) responsiveness to wastewater system issues<br>per 1000 connections.                   | n/a                             | n/a                             | n/a                            |
|   | Median response time for wastewater overflows:<br>(a) attendance time<br>(b) resolution time  | (a) <= 1 hour<br>(b) <= 6 hours | (a) <= 1 hour<br>(b) <= 6 hours | a) <= 1 hour<br>(b) <= 6 hours |
| To measure the impact of wastewater on the environment          | Breaches of Resource consents for discharges from wastewater system. Number of:<br>- abatement notices<br>- infringement notices<br>- enforcement orders<br>- convictions<br>for discharges from wastewater system  | 0                               | 0                               | 0                              |
| <b>2.5 Stormwater</b>   |   |                                 |                                 |                                |
| 2.5.1 Stormwater management                                     |   |                                 |                                 |                                |
| <b>PURPOSE OF MEASURE</b>                                       | <b>PERFORMANCE MEASURE</b>  | <b>2016/17</b>                  | <b>2017/18</b>                  | <b>2018-25</b>                 |
| To measure the quality and timeliness of the stormwater service | Number of pipeline blockages per km of pipeline   | <= 0.5                          | <= 0.5                          | <= 0.5                         |
|   | Customer satisfaction with stormwater management  | 75%                             | 75%                             | 75%                            |
|   | Number of complaints about stormwater system performance per 1000 connections   | n/a                             | n/a                             | n/a                            |
|   | Median response time to attend a flooding event   | <= 60 minutes                   | <= 60 minutes                   | <= 60 minutes                  |
| To measure the impact of stormwater on the environment          | Breaches of resource consents for discharges from stormwater system. Number of:<br>- abatement notices<br>- infringement notices<br>- enforcement orders<br>- convictions<br>for discharges from stormwater system. | 0                               | 0                               | 0                              |
|   | Number of flooding events   | n/a                             | n/a                             | n/a                            |
|   | Number of habitable floors per 1000 connected homes per flooding event  | n/a                             | n/a                             | n/a                            |
|   | Percentage of days during the bathing season (1 November to 31 March) that the monitored beaches are suitable for recreational use.   | 90%                             | 90%                             | 90%                            |
|   | Percentage of monitored sites that have a rolling 12 month median value for E.coli (dry weather samples) that do not exceed 1000 cfu/100ml  | 90%                             | 90%                             | 90%                            |
| <b>2.6 Conservation attractions</b>                             |   |                                 |                                 |                                |
| 2.6.1 Conservation visitor attractions                          |   |                                 |                                 |                                |

| PURPOSE OF MEASURE  | PERFORMANCE MEASURE    | 2016/17 | 2017/18 | 2018-25 |
|---|------------------------|---------|---------|---------|
| To measure the success of our investments in conservation attractions | Zoo - total admissions | 239,408 | 242,520 | 245,673 |
|   | Zealandia - visitors   | 96,600  | 96,500  | 99,300  |

**ENVIRONMENT –ACTIVITY BUDGET**

| 2.1 GARDENS, BEACHES AND GREEN OPEN SPACES  | 2015-25 LTP<br>YEAR 1<br>GROSS<br>EXPENDITURE | 2015-25 LTP<br>YEAR 1<br>AMENDED<br>GROSS<br>EXPENDITURE | 2016/17<br>ANNUAL PLAN<br>GROSS<br>EXPENDITURE |
|---|---|--|--|
|   | (\$000)                                       | (\$000)  | (\$000)  |
| <b>OPERATING EXPENDITURE</b>                |   |  |  |
| 2.1.1 - Local parks and open spaces         | 8,756   | 8,756  | 8,931  |
| 2.1.2 - Botanical gardens                   | 4,752   | 4,752  | 4,735  |
| 2.1.3 - Beaches and coast operations        | 1,409   | 1,409  | 1,303  |
| 2.1.4 - Roads open spaces                   | 8,147   | 8,147  | 8,701  |
| 2.1.5 - Town belts                          | 4,665   | 4,665  | 4,718  |
| 2.1.6 - Community environmental initiatives | 743   | 743  | 736  |
| 2.1.7 - Walkways                            | 582   | 582  | 603  |
| 2.1.8 - Biodiversity (Pest management)      | 1,704   | 1,704  | 1,820  |
| 2.1.9 - Waterfront Public Space             | 1,737   | 1,737  | 4,855  |
| <b>Total operating expenditure</b>          | <b>32,494</b>                                 | <b>32,494</b>  | <b>36,401</b>                                  |
| <b>CAPITAL EXPENDITURE</b>                  | <b>(\$000)</b>                                | <b>(\$000)</b>   | <b>(\$000)</b>                                 |
| 2.1.1 - Local parks and open spaces         | 1,286   | 1,286  | 1,177  |
| 2.1.2 - Botanical gardens                   | 433   | 433  | 582  |
| 2.1.3 - Beaches and coast operations        | 227   | 227  | 1,176  |
| 2.1.4 - Roads open spaces                   | -   | -  | -  |
| 2.1.5 - Town belts                          | 135   | 135  | 248  |
| 2.1.6 - Community environmental initiatives | -   | -  | -  |
| 2.1.7 - Walkways                            | 550   | 550  | 1,014  |
| 2.1.8 - Biodiversity (Pest management)      | -   | -  | -  |
| 2.1.9 - Waterfront Public Space             | -   | -  | -  |
| <b>Total capital expenditure</b>            | <b>2,632</b>                                  | <b>2,632</b>   | <b>4,196</b>                                   |

| <b>2.2 WASTE REDUCTION AND ENERGY CONSERVATION</b>            | 2015-25 LTP<br>YEAR 1<br><br>GROSS<br>EXPENDITURE | 2015-25 LTP<br>YEAR 1<br>AMENDED<br><br>GROSS<br>EXPENDITURE | 2016/17<br>ANNUAL PLAN<br><br>GROSS<br>EXPENDITURE |
|---|---|--|--|
| <b>OPERATING EXPENDITURE</b>                                  | <b>(\$000)</b>                                    | <b>(\$000)</b>   | <b>(\$000)</b>                                     |
| 2.2.1 - Waste minimisation, disposal and recycling management | 12,836  | 12,836   | 13,819   |
| 2.2.2 - Closed landfills aftercare                            | 522   | 522  | 414  |
| 2.2.3 - Energy efficiency and conservation                    | 282   | 282  | 480  |
| <b>Total operating expenditure</b>                            | <b>13,641</b>                                     | <b>13,641</b>  | <b>14,713</b>                                      |
| <b>CAPITAL EXPENDITURE</b>                                    | <b>(\$000)</b>                                    | <b>(\$000)</b>   | <b>(\$000)</b>                                     |
| 2.2.1 - Waste minimisation, disposal and recycling management | 1,238   | 1,238  | 1,251  |
| 2.2.2 - Closed landfills aftercare                            | -   | -  | -  |
| 2.2.3 - Energy efficiency and conservation                    | -   | -  | -  |
| <b>Total capital expenditure</b>                              | <b>1,238</b>                                      | <b>1,238</b>   | <b>1,251</b>                                       |

| <b>2.3 WATER</b>                       | 2015-25 LTP<br>YEAR 1<br><br>GROSS<br>EXPENDITURE | 2015-25 LTP<br>YEAR 1<br>AMENDED<br><br>GROSS<br>EXPENDITURE | 2016/17<br>ANNUAL PLAN<br><br>GROSS<br>EXPENDITURE |
|--|---|--|--|
| <b>OPERATING EXPENDITURE</b>           | <b>(\$000)</b>                                    | <b>(\$000)</b>   | <b>(\$000)</b>                                     |
| 2.3.1 - Water network                  | 23,394  | 23,394   | 24,172   |
| 2.3.2 - Water collection and treatment | 14,932  | 14,932   | 15,784   |
| <b>Total operating expenditure</b>     | <b>38,327</b>                                     | <b>38,327</b>  | <b>39,956</b>                                      |
| <b>CAPITAL EXPENDITURE</b>             | <b>(\$000)</b>                                    | <b>(\$000)</b>   | <b>(\$000)</b>                                     |
| 2.3.1 - Water network                  | 16,951  | 16,951   | 14,935   |
| 2.3.2 - Water collection and treatment | -   | -  | -  |
| <b>Total capital expenditure</b>       | <b>16,951</b>                                     | <b>16,951</b>  | <b>14,935</b>                                      |

| <b>2.4 WASTEWATER</b> | 2015-25 LTP<br>YEAR 1<br><br>GROSS<br>EXPENDITURE | 2015-25 LTP<br>YEAR 1<br>AMENDED<br><br>GROSS<br>EXPENDITURE | 2016/17<br>ANNUAL PLAN<br><br>GROSS<br>EXPENDITURE |
|-----------------------|---|--|--|
|-----------------------|---|--|--|

| <b>OPERATING EXPENDITURE</b>                   | <b>(\$000)</b> | <b>(\$000)</b> | <b>(\$000)</b> |
|--|----------------|----------------|----------------|
| 2.4.1 - Sewage collection and disposal network | 19,157         | 19,157         | 19,538         |
| 2.4.2 - Sewage treatment                       | 22,654         | 22,654         | 24,341         |
| <b>Total operating expenditure</b>             | <b>41,811</b>  | <b>41,811</b>  | <b>43,879</b>  |
| <b>CAPITAL EXPENDITURE</b>                     | <b>(\$000)</b> | <b>(\$000)</b> | <b>(\$000)</b> |
| 2.4.1 - Sewage collection and disposal network | 10,481         | 10,481         | 11,327         |
| 2.4.2 - Sewage treatment                       | -              | -              | -              |
| <b>Total capital expenditure</b>               | <b>10,481</b>  | <b>10,481</b>  | <b>11,327</b>  |

| <b>2.5 STORMWATER</b>              | 2015-25 LTP<br>YEAR 1<br>GROSS<br>EXPENDITURE | 2015-25 LTP<br>YEAR 1<br>AMENDED<br>GROSS<br>EXPENDITURE | 2016/17<br>ANNUAL PLAN<br>GROSS<br>EXPENDITURE |
|------------------------------------|---|--|--|
| <b>OPERATING EXPENDITURE</b>       | <b>(\$000)</b>                                | <b>(\$000)</b>   | <b>(\$000)</b>                                 |
| 2.5.1 - Stormwater management      | 17,588  | 17,588   | 17,826   |
| <b>Total operating expenditure</b> | <b>17,588</b>                                 | <b>17,588</b>  | <b>17,826</b>                                  |
| <b>CAPITAL EXPENDITURE</b>         | <b>(\$000)</b>                                | <b>(\$000)</b>   | <b>(\$000)</b>                                 |
| 2.5.1 - Stormwater management      | 4,455   | 4,455  | 7,020  |
| <b>Total capital expenditure</b>   | <b>4,455</b>                                  | <b>4,455</b>   | <b>7,020</b>                                   |

| <b>2.6 CONSERVATION ATTRACTIONS</b>      | 2015-25 LTP<br>YEAR 1<br>GROSS<br>EXPENDITURE | 2015-25 LTP<br>YEAR 1<br>AMENDED<br>GROSS<br>EXPENDITURE | 2016/17<br>ANNUAL PLAN<br>GROSS<br>EXPENDITURE |
|--|---|--|--|
| <b>OPERATING EXPENDITURE</b>             | <b>(\$000)</b>                                | <b>(\$000)</b>   | <b>(\$000)</b>                                 |
| 2.6.1 - Conservation visitor attractions | 6,459   | 6,459  | 6,818  |
| <b>Total operating expenditure</b>       | <b>6,459</b>                                  | <b>6,459</b>   | <b>6,818</b>                                   |
| <b>CAPITAL EXPENDITURE</b>               | <b>(\$000)</b>                                | <b>(\$000)</b>   | <b>(\$000)</b>                                 |
| 2.6.1 - Conservation visitor attractions | 1,316   | 1,316  | 817  |
| <b>Total capital expenditure</b>         | <b>1,316</b>                                  | <b>1,316</b>   | <b>817</b>                                     |



## 3. Economic Development - Whanaketanga ōhanga

## 4. Cultural wellbeing - Oranga ahurea

The Council attracts and supports business activity, markets Wellington to tourists from New Zealand and overseas, owns and operates performance venues and conference facilities, promotes business, education and cultural links through sister city relationships, and provides free weekend parking in the Central Business District.

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

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

The Council funds events and festivals; supports attractions such as Te Papa, the Carter Observatory, and the city's galleries and museums; and supports community art and cultural activities.

The strength of Wellington's creative culture depends on people, the output of artists, writers, musicians, and dancers and on the expressiveness of Wellington's communities.

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

### KEY PROJECTS

#### Economic Development Fund

This fund supports initiatives that will contribute to Wellington's economic growth.

The objective of the fund is to support projects, partnerships and programmes that contribute to the economic growth of the city. Specifically they will:

- create and/or retain jobs
- increase the rating base
- support economic growth in key target sectors
- positively contribute to the Wellington's GDP and global reputation as a good place to do business.

3 million is available annually and is focussed on Events, Initiatives and Partnerships.

For more information go to:

<http://wellington.govt.nz/services/community-and-culture/funding/council-funds/wellington-economic-development-fund>

#### Free CBD Wi-Fi

CBDFree is a free to use, high capacity wireless service, available through most of Wellington's CBD area. The network is used by large numbers of Wellingtonians as well as visitors to the city and helps support Wellington's reputation as a technology and visitor friendly city, internationally. The Wi-Fi is provided by CityLink, a local Wellington technology company.

#### Business Investment Districts – Kilbirnie

Wellington City Council adopted its Business Improvement District policy in March 2013 and had great successes with establishing BIDs in both Miramar and Khandallah. BIDs involve a local business community within a defined geographical area, developing projects and services that support local economic development.

Kilbirnie Business Network has undertaken a process to determine whether a BID should be established in its area and this culminated in a poll. On 2 October 2015 the poll closed showing majority support to establish a BID. Under the terms of the BID policy, the Kilbirnie Business Network was grant funded to establish a BID in the Kilbirnie commercial area.

Under the auspices of the Kilbirnie Business Network interviews and public workshops were conducted, from which a business plan was developed. The plan provides the foundation from which the proposed BID would operate.

*Next steps*

With the Voter Return Percentage being 34%, the BID proposal will be considered by the Council, as more than 50% of the returned votes support the proposal as required by the Policy.

A Special General Meeting will be held at which the proposed budget will be ratified and establish a legal entity under which the BID will operate. Also scheduled for the Special General Meeting will be a proposal to pass a resolution to apply to the Council for a targeted rate to fund the BID.

In following the successes achieved with the Miramar and Khandallah BIDs a new targeted rate, raising \$80,000 is being proposed to be included in the Annual Plan 16/17 under the terms of the Business Improvement District Policy to be applied to commercially rated properties in the Kilbirnie Business Improvement District area. This would provide seed funding for the Kilbirnie Business Network to get things going in the area.

Liability for this rate will be calculated as a fixed amount of \$500 (excluding GST) per rating unit, plus a rate per dollar of rateable capital value for any capital value over \$1 million per rating unit.

This rate has been incorporated into the Financial and Funding statements and the draft Funding Impact Statements presented as part of the Annual Plan 2016/17 supporting documentation.

**Circa Theatre**

We will support another of the city's cultural institutions – the Circa Theatre. We have budgeted a grant of \$250,000 over the next three years to support the theatre and \$15,000 per annum over the next three years for technical support of external groups.

**Cultural grant funding**

In coming years, the Council will continue to encourage and celebrate diversity, by supporting arts and cultural events and small arts organisations ranging from Tawata, Randell, Orpheus, Matariki and Diwali to WOW and the New Zealand Festival.

We have also increased our cultural grants fund from 2016/17 to increase our level of support to the Capital's arts and cultural institutions.

For more information go to:

<http://wellington.govt.nz/services/community-and-culture/funding/council-funds/arts-and-culture-fund>

**NZ Festival**

The major events team have planned a long list of events for Wellingtonians for this year, one of which is the NZ Festival. This 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. We have increased our grant to the festival by \$500,000 to secure 'off-year' events or shows in the city. This complements the New Zealand Festival's own success at raising the majority of its funding from ticket sales and other sources.

**WREDA**

The new organisational structure for WREDA was finalised just before Christmas. Work on the 2016/17 Statement of Intent commenced following receipt of the Letter of Expectations.

**Pukeahu National War Museum Park**

This project was a key part of New Zealand's commemoration of the centenary of the First World War.

The new park and Arras Tunnel - which are fantastic additions to the city - were largely funded by the Government. The Council supported the project and worked in partnership with the Ministry of Culture and Heritage and the New Zealand Transport Agency throughout their development.

The park has significantly improved the setting around the war memorial and provides space for the increasing number of people attending major ceremonial occasions such as Anzac Day every year. Year-round, it provides another great park and public space for everyone to enjoy as well as good walking and cycling connections.

With assistance from the Government, we will maintain and look after the park from now on.

**ECONOMIC DEVELOPMENT – GROUP OF ACTIVITIES**

| GROUP OF ACTIVITIES  | RATIONALE   | SERVICE OFFERING  | NEGATIVE EFFECTS  |
|--|---|---|---|
| <b>3.1 City promotions and business support</b><br>3.1.1 WREDA<br>3.1.2 Major projects - economy | Talent attraction and retention<br><br>Grow tourism spend and economic returns from events.<br><br>Grow inward investment and | <ul style="list-style-type: none"> <li>Promoting Wellington to visitors</li> <li>Attracting and supporting major events</li> <li>Offering convention</li> </ul> | We do not anticipate any significant negative effects associated with our role in these services. |

|                                      |                        |  |  |
|--------------------------------------|------------------------|--|--|
| 3.1.3 WEID fund/Economic Grants      | exports                | concert venues   |  |
| 3.1.4 Retail support                 | Sustain city vibrancy. | <ul style="list-style-type: none"> <li>Building regional and international relations</li> <li>Attracting and supporting business activity</li> <li>Exploring major economic development initiatives such as the: <ul style="list-style-type: none"> <li>Runway Extension and airline attraction</li> <li>Tech Hub</li> <li>Film Museum</li> <li>Convention Centre</li> <li>Indoor Arena</li> </ul> </li> </ul> |  |
| 3.1.5 International relations        |                        |  |  |
| 3.1.6 Business improvement districts |                        |  |  |

**ECONOMIC DEVELOPMENT – PREFORMANCE MEASURES**

| ECONOMIC DEVELOPMENT  |   |   |   |   |
|---|---|---|---|---|
| <b>Objectives</b>   | <b>Tourism spend</b><br><b>Investment attraction / digital exports</b><br><b>City vibrancy</b>  |   |   |   |
| <b>Outcome Indicators</b>   | Number of domestic and international visitors (guest nights)<br>Average length of stay - international and domestic<br>Number of major conferences<br>Number of A-level events held in Wellington and their economic contribution<br>New Zealand's top 200 companies based in Wellington<br>Business enterprises - births and growths (net growth in business)<br>Domestic and international airline passengers entering Wellington airport<br>Free wifi usage (logons/day) - waterfront and central city<br>Pedestrian counts - average of various Lambton Quay sites<br>Businesses and employees in research and development sector<br>Secondary (international) and Tertiary (international and domestic) students enrolled per 1,000 residents<br>Events/activities held with international cities (in Wellington and overseas) |   |   |   |
| <b>3.1 City Promotions and Business Support</b>   |   |   |   |   |
| 3.1.1 WREDA<br>3.1.2 Major projects – economy<br>3.1.3 WEID fund/Economic Grants<br>3.1.4 Retail support<br>3.1.5 International relations<br>3.1.6 Business improvement districts |   |   |   |   |
| PURPOSE OF MEASURE  | PERFORMANCE MEASURE   | 2016/17   | 2017/18   | 2018-25   |
| To measure the quality of our investments in promoting the city   | WREDA – Positively Wellington Tourism partnership funding   | Maintain council's funding at less than 50% of total income | Maintain council's funding at less than 50% of total income | Maintain council's funding at less than 50% of total income |
| To measure the usage of WCC supported events  | Estimated attendance at WCC supported events  | 500,000   | 500,000   | 500,000   |
| To measure the quality of our investments in economic development   | Events Development fund - ratio of direct spend to economic impact  | 20:1  | 20:1  | 20:1  |
|   | The proportion of grant funds successfully allocated (through milestones being met)   | 95%   | 95%   | 95%   |

**ECONOMIC DEVELOPMENT – ACTIVITY BUDGET**

| 3.1 CITY PROMOTIONS AND BUSINESS SUPPORT | 2015-25 LTP<br>YEAR 1 | 2015-25 LTP<br>YEAR 1 | 2016/17<br>ANNUAL PLAN |
|--|-----------------------|-----------------------|------------------------|
|--|-----------------------|-----------------------|------------------------|

|   | GROSS EXPENDITURE | AMENDED GROSS EXPENDITURE | GROSS EXPENDITURE |
|---|-------------------|---------------------------|-------------------|
|   | (\$000)           | (\$000)                   | (\$000)           |
| <b>OPERATING EXPENDITURE</b>                      |                   |                           |                   |
| 3.1.1 - WREDA                                     | 31,560            | 31,560                    | 31,182            |
| 3.1.2 - Wellington convention centre              | -                 | -                         | 1,233             |
| 3.1.3 - Retail support (free weekend parking)     | 1,356             | 1,356                     | 1,357             |
| 3.1.4 - WEID, economic growth and economic grants | 3,599             | 3,599                     | 3,601             |
| 3.1.5 - Major economic projects                   | -                 | -                         | 5,000             |
| 3.1.6 - Regional and external relations           | 572               | 572                       | 655               |
| 3.1.7 - Business improvement districts            | 114               | 114                       | 194               |
| <b>Total operating expenditure</b>                | <b>37,201</b>     | <b>37,201</b>             | <b>43,221</b>     |
| <b>CAPITAL EXPENDITURE</b>                        |                   |                           |                   |
| 3.1.1 - WREDA                                     | -                 | -                         | -                 |
| 3.1.2 - Wellington convention centre              | 2,215             | 23,715                    | 21,297            |
| 3.1.3 - Retail support (free weekend parking)     | -                 | -                         | -                 |
| 3.1.4 - WEID, economic growth and economic grants | -                 | -                         | -                 |
| 3.1.5 - Major economic projects                   | -                 | -                         | -                 |
| 3.1.6 - Regional and external relations           | -                 | -                         | -                 |
| 3.1.7 - Business improvement districts            | -                 | -                         | -                 |
| <b>Total capital expenditure</b>                  | <b>2,215</b>      | <b>23,715</b>             | <b>21,297</b>     |

**CULTURAL WELLBEING – GROUP OF ACTIVITIES**

| GROUP OF ACTIVITIES   | RATIONALE   | SERVICE OFFERING  | NEGATIVE EFFECTS  |
|---|---|---|---|
| <p><b>4.1 Arts and cultural activities</b></p> <p>4.1.1 City Galleries and Museums</p> <p>4.1.2 Visitor attractions (Te Papa/Carter Observatory)</p> <p>4.1.3 Arts and cultural festivals</p> <p>4.1.4 Cultural grants</p> <p>4.1.5 Access and support for community arts</p> <p>4.1.6 Arts partnerships</p> <p>4.1.7 Regional amenities fund</p> | <p>The arts contribute to a vibrant CBD</p> <p>To provide opportunities for cultural expression</p> <p>Build a sense of place and identity</p> <p>Grow visitation and exposure to creativity and innovation</p> | <ul style="list-style-type: none"> <li>Funding to Te Papa, Wellington Museum of City &amp; Sea, City Gallery, Capital E, the Cable Car Museum, Carter Observatory and Nairn Street Historic Cottage.</li> <li>Support major events and festivals that generate economic returns</li> <li>Provide fund grants to arts organisations.</li> <li>Manage the Toi Pōneke Arts Centre, the City Art Collection.</li> <li>Te Aro o Nga Tupuna Heritage Trail &amp; Te Motu Kairangi Plan</li> </ul> | <p>We do not anticipate any significant negative effects associated with our role in these services</p> |

**CULTURAL WELLBEING – PERFORMANCE MEASURES**

| CULTURAL WELLBEING  |   |                           |                           |                                  |
|---|---|---------------------------|---------------------------|----------------------------------|
| <b>Objectives</b>   | <b>Sense of place and identity</b><br><b>Diversity and openness</b><br><b>Visitation</b><br><b>Exposure to creativity and innovation</b>  |                           |                           |                                  |
| <b>Outcome Indicators</b>   | Residents frequency of engagement in cultural and arts activities<br>New Zealanders' and residents' perceptions that 'Wellington has a culturally rich and diverse arts scene'<br>Resident perceptions that Wellington's local identity (sense of place) is appropriately valued and protected<br>Events held at key city venues<br>New Zealanders' and residents' perceptions that "Wellington is the arts capital of New Zealand"<br>New Zealanders' and residents' perceptions that "Wellington is the events capital of New Zealand"<br>Residents' (%) agreement with the statement that "Wellington is an easy place to get involved in the arts"<br>Te Papa visitors - total visitors, overseas visitors and NZ visitors from outside the region<br>Customer (%) satisfaction with the NZ Festival<br>Total tickets sold (#) to the NZ Festival and the proportion sold to customers outside the region<br>Total visits to museums and galleries (including Carter Observatory) |                           |                           |                                  |
| <b>4.1 Arts and Culture Activities</b>  |   |                           |                           |                                  |
| 4.1.1 City Galleries and Museums<br>4.1.2 Visitor attractions (Te Papa/Carter Observatory)<br>4.1.3 Arts and cultural festivals<br>4.1.4 Cultural grants<br>4.1.5 Access and support for community arts<br>4.1.6 Arts partnerships<br>4.1.7 Regional amenities fund |   |                           |                           |                                  |
| PURPOSE OF MEASURE  | PERFORMANCE MEASURE   | 2016/17                   | 2017/18                   | 2018-25                          |
| To measure the quality and usage of our arts and culture support activities   | Attendee satisfaction with Council supported arts and cultural festivals  | 90%                       | 90%                       | 90%                              |
|   | User (%) satisfaction with Toi Pōneke facilities and services   | 90%                       | 90%                       | 90%                              |
|   | Economic contribution (\$) the NZ Festival makes to the city's economy (direct new spend)   | -                         | 40m                       | 40m (every 2 <sup>nd</sup> year) |
|   | The proportion of grants funds successfully allocated (through milestones being met)  | 95%                       | 95%                       | 95%                              |
|   | Proportion of outcomes delivered (previous projects - weighted by \$ value)   | 90%                       | 90%                       | 90%                              |
|   | Venues Subsidy - Total number of performers and attendees at supported events   | Increase on previous year | Increase on previous year | Increase on previous year        |
|   | Cultural grants - % first time applicants who are successful  | 50%                       | 50%                       | 50%                              |

**CULTURAL WELLBEING – ACTIVITY BUDGET**

| 4.1 ARTS AND CULTURE ACTIVITIES | 2015-25 LTP       | 2015-25 LTP       | 2016/17           |
|---------------------------------|-------------------|-------------------|-------------------|
|                                 | YEAR 1            | YEAR 1            | ANNUAL PLAN       |
|                                 | GROSS EXPENDITURE | GROSS EXPENDITURE | GROSS EXPENDITURE |
| <b>OPERATING EXPENDITURE</b>    | <b>(\$000)</b>    | <b>(\$000)</b>    | <b>(\$000)</b>    |

|  |                |                |                |
|--|----------------|----------------|----------------|
| 4.1.1 - Galleries and museums (WMT)                      | 9,208          | 9,208          | 10,074         |
| 4.1.2 - Visitor attractions (Te Papa/Carter Observatory) | 2,840          | 2,840          | 2,918          |
| 4.1.3 - Arts and cultural festivals                      | 2,692          | 2,692          | 2,951          |
| 4.1.4 - Cultural grants                                  | 858            | 858            | 1,121          |
| 4.1.5 - Access and support for community arts            | 659            | 659            | 768            |
| 4.1.6 - Arts partnerships                                | 2,277          | 2,277          | 2,461          |
| 4.1.7 - Regional Amenities Fund                          | 609            | 609            | 609            |
| <b>Total operating expenditure</b>                       | <b>19,142</b>  | <b>19,142</b>  | <b>20,902</b>  |
| <b>CAPITAL EXPENDITURE</b>                               | <b>(\$000)</b> | <b>(\$000)</b> | <b>(\$000)</b> |
| 4.1.1 - Galleries and museums (WMT)                      | 1,914          | 1,914          | -              |
| 4.1.2 - Visitor attractions (Te Papa/Carter Observatory) | 180            | 180            | 34,402         |
| 4.1.3 - Arts and cultural festivals                      | -              | -              | -              |
| 4.1.4 - Cultural grants                                  | 100            | 100            | -              |
| 4.1.5 - Access and support for community arts            | 26             | 26             | 27             |
| 4.1.6 - Arts partnerships                                | -              | -              | -              |
| 4.1.7 - Regional Amenities Fund                          | -              | -              | -              |
| <b>Total capital expenditure</b>                         | <b>2,220</b>   | <b>2,220</b>   | <b>4,429</b>   |

## 5. Social and Recreation - Pāpori me te hākinakina

The Council's social and recreation work includes providing housing for people in need, funding city safety initiatives, regulating and monitoring food and liquor outlets, preparing to deal with earthquakes and other emergencies, providing community and recreation centres and halls, providing public toilets and cemeteries, pools and libraries, supporting community groups and events, providing sport and recreation facilities, neighbourhood playgrounds and dedicated areas for our dogs.

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

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

### KEY PROJECTS

#### Arlington apartments upgrade

Arlington Apartments form an important part of WCC's social housing portfolio and to the wider affordable rental housing capacity in central Wellington. The 2.7 hectare site is located in Mt Cook and is close to many educational facilities and Wellington Hospital. Most of the units that are in poor condition, do not adequately support contemporary standards of living, and are in need of investment if they are to remain operational.

The existing Arlington units have been subject to a number of studies under the Housing Upgrade Project and a decision has been made to replace the existing buildings with a new build modular solution. Arlington Apartments are dissected by Hopper Street, which constitutes a common boundary and essentially separates the project into two distinct sites.

Limited Council funds have determined that Site 2, Arlington East will proceed being totally funded by WCC City Housing as part of the Housing Upgrade Programme. With Site 1, Arlington West treated as a separate future project.

Demolition, site works and construction of housing blocks makes up the majority of expenditure.

#### Alex Moore Sports hub

The redevelopment will include a new artificial turf and a community and sports facility building at the park to replace the existing clubrooms. We are completing stage 2 in 2018. It will involve joint funding of a new pavilion and sports centre on Bannister Avenue.

For more information <http://wellington.govt.nz/your-council/projects/johnsonville-projects/alex-moore-park-redevelopment>

#### Basin Reserve

The Basin Reserve is regarded as one of the world's top 10 cricket venues, but faces competition from an increasing number of grounds around the country.

The Basin Reserve needs significant investment to address a range of essential maintenance issues and a general upgrade of facilities.

The Basin Reserve Trust has developed a master plan to present a 25-year vision for the future of the ground. The key features of the vision are to keep the premiere test status of the ground and to enhance the Basin Reserve as a local recreation space for the community.

The plan outlines \$21 million of spending over the next 10 years for the upgrade. Implementation of the plan began in July 2015. The Council is also considering a business case for lights, and making a decision on the future of the Museum Stand.

#### Hockey Stadium Artificial turf

We will install 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. The total cost of this project is \$1.5 million. Project planned to start this year and will ready for use in 2017.

Participation in hockey has grown significantly in the last decade, to a point where the stadium is now operating at capacity with 95 percent winter utilisation rate.

#### Johnsonville Library

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 cafe and possibly other community spaces in addition to the library facilities.

Design work for the new library has commenced and we are keen to involve the community in the design process. You can tell us what you our library designs think at: [www.newjohnsonvillelibrary.co.nz](http://www.newjohnsonvillelibrary.co.nz).

### Community Centres and Halls

We support a city wide network of community centres supporting community wellbeing. Services and activities developed and delivered locally from these assets help bring people together, improve and strengthen neighbourhoods, community resilience and community safety

We are planning to upgrade a number of community centres in the coming years to ensure they serve the community's needs. This year we will begin the planning work for Aro Valley Community Centre and Newtown Community and Cultural Centre with construction in 2018/19.

### School pools fund

The fund aimed to improve access to and uptake of learn-to-swim, aquatic education, sport and enjoyment by local communities of Wellington city by increasing the total available pool capacity and aquatic programme opportunities throughout the city.

<http://wellington.govt.nz/services/community-and-culture/funding/council-funds/school-pools-partnership-fund>

### Freyberg Pool renewal

The Freyberg Pool will be undergoing its five year maintenance closure.

### Playground upgrades

We are undertaking the renewal of playgrounds at:

- Lyall Bay Pde play area
- Alexandra Road play area in Hataitai
- Allington Rd Play Area – in Karori
- Redwood/Brasenose Reserve play-area in Tawa.

We are also building a new community playground around the Wakefield Park precinct in Berhampore.

### Social and Recreation Grant

This fund aims to foster strong, sustainable communities and support building capacity in the community. Applications for any project meeting the criteria will be accepted; however the priority for the March 2016 round will be for classes teaching English as a second language (ESOL).

<http://wellington.govt.nz/services/community-and-culture/funding/council-funds/social-and-recreation-fund>

### Te Mahana programme

Te Mahana is a community driven strategy focussed on ending homelessness in Wellington and will continue to work strategically on the further development of partnership approaches to ending homelessness.

We are establishing a strategic partnership group to be chaired by the Mayor the group. This group will focus on an interagency approach to ensure services are aligned and resources are shared.

Te Whakamura, launched in July 2015, is a collaborative project funded by the Council. It comprises DCM, Ngati Kahungunu Whanau Services and the Soup Kitchen and provides joined up services that respond to the needs of homeless people by connecting them to housing and support services. The street outreach team is now coordinated by Te Whakamura. The Council will continue to work with Te Whakamura to help build on the project's initial success.

### Dog exercise areas

We propose to construct fences around three dog exercise areas over the next three years. This will cost \$200,000 in capital expenditure.

These areas make it possible to have dogs off their leash to run free and keep them and the public safe. The parks earmarked for this upgrade are:

- Sinclair Park (part of)
- Taylor Park

### Graffiti Management

In our Residents Monitoring Survey, 98% of Wellingtonians perceive their city to be safe, and we would like to keep it that way. While only 40% of our residents voiced concerns over graffiti, the overall perception is that graffiti contributes to people feeling unsafe when walking in town.

**SOCIAL AND RECREATION – GROUP OF ACTIVITIES**

| GROUP OF ACTIVITIES   | RATIONALE  | SERVICE OFFERING   | NEGATIVE EFFECTS  |
|---|--|--|---|
| <p><b>5.1 Recreation promotion and support</b></p> <p>5.1.1 Swimming pools</p> <p>5.1.2 Sports fields</p> <p>5.1.3 Sports fields (synthetic)</p> <p>5.1.4 Recreation Centres</p> <p>5.1.5 Recreation partnerships</p> <p>5.1.6 Playgrounds</p> <p>5.1.7 Marinas</p> <p>5.1.8 Golf course</p> <p>5.1.9 Recreation programmes</p> | <p>Encouraging active and healthy lifestyles</p> <p>Improving health and wellbeing of our community</p> <p>Enabling participation in sporting and other group activities</p> <p>Building social cohesion and creating a strong inclusive city</p> <p>Increasing participation by providing accessible facilities</p> <p>Contributing to economic growth</p> <p>Contributing to city pride and sense of place</p> | <ul style="list-style-type: none"> <li>Seven swimming pools, including 2 seasonal summer pools for people to learn to swim, exercise, participate in aquatic sports or have fun</li> <li>Dedicated learn-to-swim pools and a city-wide swim school</li> <li>Four multi-purpose recreation centres plus the 12 court ASB Community Sports Centre</li> <li>44 natural and nine artificial sports turfs, including two in partnership with schools, two hockey turfs, eight croquet lawns, the 18 hole Berhampore Golf Course, Newtown Park athletics track, a velodrome and tennis / netball courts</li> <li>The Evans Bay Marina &amp; Clyde Quay Boat Harbour</li> <li>Funding towards the Basin Reserve Master Plan Upgrade</li> <li>Two fitness centres</li> <li>A wide range of programmes and activities that support a healthy and active community, including holiday programmes, sport tournaments and leagues</li> </ul> | <p>Owning and operating facilities require significant capital investment and ongoing operational costs</p> <p>An appropriate balance between user charges and rates subsidy need to be maintained to ensure facilities remain accessible and well utilised</p> <p>Changing demographics and how people choose to use their discretionary recreation time and dollar require an adaptive response to our levels of service and use of facilities</p> <p>Working collaboratively with the sport and recreation, health and education sectors will ensure we have the capability and capacity to meet future challenges</p> |
| <p><b>5.2 Community support</b></p> <p>5.2.1 Libraries</p> <p>5.2.2 Access support</p> <p>5.2.3 Community advocacy</p> <p>5.2.4 Grants (Social and Recreation)</p> <p>5.2.5 Housing</p> <p>5.2.6 Community centres and halls</p>  | <p>Fostering diverse and inclusive communities.</p> <p>Enabling people to connect with information &amp; each other.</p>   | <ul style="list-style-type: none"> <li>12 libraries plus an online branch providing access to a wide array of books, magazines, DVD, e-books and e-audio, online journals, e-music tracks.</li> <li>Community outreach &amp; children's literacy programmes</li> <li>Through our grants and funding mechanisms we continue to strengthen the city's social infrastructure, build resilience and community connection</li> <li>We work with our partners to ensure the city's social infrastructure supports vulnerable people</li> <li>There is an effective city-wide welfare and social recovery response for people and animals in an emergency</li> </ul>  | <p>We undertake these activities to enhance the quality of life of the city's residents</p> <p>There are minimal negative effects and we work to deliver these programmes and activities through partnerships and use grants to support community ownership of programmes</p>   |

|   |   |   |   |
|---|---|---|---|
|   |   | <ul style="list-style-type: none"> <li>Housing approximately 4,000 people in 2,200 units</li> <li>We support a city-wide network of 25 community centres and halls providing services, programmes, spaces for hire, childcare and education services</li> </ul>   |   |
| <p><b>5.3 Public health and safety</b></p> <p>5.3.1 Burials and cremations</p> <p>5.3.2 Public toilets</p> <p>5.3.3 Public health regulations</p> <p>5.3.4 City safety</p> <p>5.3.5 WREMO</p> | <p>Maintaining health standards</p> <p>Activities that make people feel safe</p> <p>Safety (and child friendly)</p> | <ul style="list-style-type: none"> <li>Cemeteries at Karori and Makara with a crematorium at Karori Cemetery</li> <li>101 public toilets, beach and sports fields changing rooms/pavilions</li> <li>Regulating food and liquor outlets, animal, trade waste and managing environmental noise issues</li> <li>We manage graffiti through the Graffiti Management Plan which includes a Graffiti Volunteer programme</li> <li>We support Wellington's International Safe City outcomes through partnerships with community patrols, neighbourhood support groups, the Local Hosts programme</li> <li>We partner with the police to support the volunteer CCTV Hub to monitor the CCTV safety cameras</li> </ul> | <p>These activities exist to mitigate and manage significant risks – from natural disasters, personal safety in the city, to unhealthy food preparation practices</p> <p>These activities are necessary to ensure negative effects from other people's activities or from a natural disaster are controlled and managed</p> |

**SOCIAL AND RECREATION – PERFORMANCE MEASURES**

| SOCIAL AND RECREATION   |   |
|---|---|
| <b>Objectives</b>   | <p><b>Social cohesion</b></p> <p><b>Participation in city life</b></p> <p><b>Greater use of existing facilities</b></p> <p><b>Safety (and child friendly)</b></p>   |
| <b>Outcome Indicators</b>   | <p>Residents' usage of City Council community and recreation facilities</p> <p>Residents' perceptions that Wellington offers a wide range of recreation activities</p> <p>Residents' frequency of physical activity</p> <p>Residents' perceptions that there are barriers to participating in recreation activities</p> <p>Residents' importance of sense of community in local neighbourhood</p> <p>Residents' usage of libraries and frequency of use</p> <p>Residents' engaging in neighbourly actions</p> <p>Housing Services tenants who report positive social contact</p> <p>Residents' perceptions - city and community safety issues of most concern</p> <p>Recorded crime and resolution rates - by categories</p> <p>Number of notifications of the most prevalent food and water-borne diseases</p> <p>Residents' life expectancy</p> <p>Food premises - number of cleaning notices and closures per year</p> <p>Percentage of food premises with an inspection rating of excellent or very good that maintain or improve their inspection rating</p> <p>Number of uses of Leisure Card</p> <p>Dog control - complaints received (% of registered dogs)</p> |
| <p><b>5.1 Recreation Promotion and Support</b></p> <p>5.1.1 Swimming pools</p> <p>5.1.2 Sports fields</p> |   |

| 5.1.3 Sports fields (synthetic)<br>5.1.4 Recreation Centres<br>5.1.5 Recreation partnerships<br>5.1.6 Playgrounds<br>5.1.7 Marinas<br>5.1.8 Golf course<br>5.1.9 Recreation programmes     |  |                 |         |                  |     |
|--|--|-----------------|---------|------------------|-----|
| PURPOSE OF MEASURE   | PERFORMANCE MEASURE  | 2016/17         | 2017/18 | 2018-25          |     |
| To measure the quality and usage (quantity) of the recreation facilities we provide  | User (%) satisfaction - swimming pools   | 90%             | 90%     | 90%              |     |
|  | User (%) satisfaction - recreation centres and ASB centre                                | 90%             | 90%     | 90%              |     |
|  | User (%) satisfaction - sports fields (including artificial sports fields)               | 85%             | 85%     | 85%              |     |
|  | Visits to facilities - swimming pools  | 1.260m          | 1.277m  | Increasing trend |     |
|  | Visits to facilities - recreation centres and ASB Centre                                 | 1.06m           | 1.07m   | 1.08m            |     |
|  | ASB Centre courts utilisation (%)  | 45%             | 46%     | 46%              |     |
|  | Sports fields - % of scheduled sports games and training that take place                 | Winter          | 80%     | 80%              | 80% |
|  |  | Summer          | 90%     | 90%              | 90% |
|  | Marinas occupancy  | 96%             | 96%     | 96%              |     |
|  | Artificial sports fields % utilisation - peak and off peak (summer and winter)           | Peak Winter     | 80%     | 80%              | 80% |
|  |  | Peak Summer     | 40%     | 40%              | 40% |
|  |  | Off peak winter | 25%     | 25%              | 25% |
|  |  | Off peak summer | 20%     | 20%              | 20% |
| 5.2 Community Support<br>5.2.1 Libraries<br>5.2.2 Access support<br>5.2.3 Community advocacy<br>5.2.4 Grants (Social and Recreation)<br>5.2.5 Housing<br>5.2.6 Community centres and halls |  |                 |         |                  |     |
| PURPOSE OF MEASURE   | PERFORMANCE MEASURE  | 2016/17         | 2017/18 | 2018-25          |     |
| To measure the quality and usage (quantity) of the housing services we provide   | Tenant satisfaction (%) with services and facilities                                     | 90%             | 90%     | 90%              |     |
|  | Tenant rating (%) of the overall condition of their house/apartment (good and very good) | 90%             | 90%     | 90%              |     |
|  | Tenant (%) sense of safety in their complex at night                                     | 75%             | 75%     | 75%              |     |
|  | Occupancy rate of available housing facilities   | 90%             | 90%     | 90%              |     |
|  | All tenants (existing and new) housed with policy  | 98%             | 98%     | 98%              |     |

|   |   |                |                |                |
|---|---|----------------|----------------|----------------|
| To measure the progress of the Housing Upgrade Project  | Agreed milestones, design standards and budgets are met in accordance with the agreed works programme and Deed of Grant between the Crown and the Council | To achieve     | To achieve     | To achieve     |
| To measure the quality and usage (quantity) of our community and recreation support services (including libraries)                  | Libraries - user (%) satisfaction with services and facilities  | 90%            | 90%            | 90%            |
|   | E-library users satisfaction (%) with the online library collection   | 75%            | 75%            | 75%            |
|   | Accessible Wellington Action Plan initiatives planned for next year   | 90%            | 90%            | 90%            |
|   | The proportion of grants fund successfully allocated (through milestones being met)   | 95%            | 95%            | 95%            |
|   | Proportion of outcomes delivered (previous projects) - weighted by \$ value   | 90%            | 90%            | 90%            |
|   | Libraries - residents (%) who are registered members  | 75%            | 75%            | 75%            |
|   | Libraries - physical visits   | 2.4m           | 2.4m           | 2.4m           |
|   | Libraries - website visits  | 2.5m           | 2.5m           | 2.5m           |
|   | Library items issued  | 3m             | 3m             | 3m             |
|   | Occupancy rates (%) of Wellington City Council Community Centres and Halls  | 45%            | 45%            | 45%            |
| <b>5.3 Public Health and Safety</b>   |   |                |                |                |
| 5.3.1 Burials and cremations  |   |                |                |                |
| 5.3.2 Public toilets  |   |                |                |                |
| 5.3.3 Public health regulations   |   |                |                |                |
| 5.3.4 City safety   |   |                |                |                |
| 5.3.5 WREMO   |   |                |                |                |
| <b>PURPOSE OF MEASURE</b>   | <b>PERFORMANCE MEASURE</b>  | <b>2016/17</b> | <b>2017/18</b> | <b>2018-25</b> |
| To measure the quality of our public health and safety services and programmes and our timeliness in responding to service requests | Dog control - urgent requests responded to within one hour and non-urgent within 24 hours   | Urgent 100%    | Urgent 100%    | Urgent 100%    |
|   |   | Non urgent 99% | Non urgent 99% | Non urgent 99% |
|   | WCC public toilets - urgent requests responded to within four hours and non-urgent within three days  | Urgent 100%    | Urgent 100%    | Urgent 100%    |
|   |   | Non urgent 95% | Non urgent 95% | Non urgent 95% |
|   | WCC public toilets (%) that meet required cleanliness and maintenance performance standards   | 95%            | 95%            | 95%            |
|   | Percentage of alcohol inspections carried out for medium to very high risk premises   | 100%           | 100%           | 100%           |
|   | Percentage of alcohol inspections carried out for medium to very high risk premises during high trading hours   | 25%            | 25%            | 25%            |
| Graffiti removal - response timeframes met  | 80%   | 80%            | 80%            |                |

**SOCIAL AND RECREATION – ACTIVITY BUDGET**

| <b>5.1 RECREATION PROMOTION AND SUPPORT</b> | <b>2015-25 LTP<br/>YEAR 1</b> | <b>2015-25 LTP<br/>YEAR 1<br/>AMENDED</b> | <b>2016/17<br/>ANNUAL PLAN</b> |
|---|-------------------------------|---|--------------------------------|
|   | <b>GROSS<br/>EXPENDITURE</b>  | <b>GROSS<br/>EXPENDITURE</b>              | <b>GROSS<br/>EXPENDITURE</b>   |
| <b>OPERATING EXPENDITURE</b>                | <b>(\$000)</b>                | <b>(\$000)</b>                            | <b>(\$000)</b>                 |
| 5.1.1 - Swimming pools                      | 20,476                        | 20,476                                    | 21,089                         |
| 5.1.2 - Sportsfields                        | 3,405                         | 3,405                                     | 3,374                          |
| 5.1.3 - Sportsfields (Synthetic)            | 1,354                         | 1,354                                     | 1,349                          |
| 5.1.4 - Recreation centres                  | 9,703                         | 9,703                                     | 9,992                          |
| 5.1.5 - Recreation partnerships             | 1,088                         | 1,088                                     | 1,191                          |
| 5.1.6 - Playgrounds                         | 737                           | 737                                       | 794                            |
| 5.1.7 - Marinas                             | 602                           | 602                                       | 666                            |
| 5.1.8 - Golf course                         | 270                           | 270                                       | 259                            |
| 5.1.9 - Recreation programmes               | 282                           | 282                                       | 279                            |
| <b>Total operating expenditure</b>          | <b>37,916</b>                 | <b>37,916</b>                             | <b>38,993</b>                  |
| <b>CAPITAL EXPENDITURE</b>                  | <b>(\$000)</b>                | <b>(\$000)</b>                            | <b>(\$000)</b>                 |
| 5.1.1 - Swimming pools                      | 2,417                         | 2,417                                     | 1,879                          |
| 5.1.2 - Sportsfields                        | 650                           | 650                                       | 905                            |
| 5.1.3 - Sportsfields (Synthetic)            | 560                           | 560                                       | 1,399                          |
| 5.1.4 - Recreation centres                  | 260                           | 260                                       | 90                             |
| 5.1.5 - Recreation partnerships             | 3,468                         | 3,468                                     | 3,085                          |
| 5.1.6 - Playgrounds                         | 414                           | 414                                       | 455                            |
| 5.1.7 - Marinas                             | 558                           | 558                                       | 141                            |
| 5.1.8 - Golf course                         | -                             | -   | -                              |
| 5.1.9 - Recreation programmes               | -                             | -   | -                              |
| <b>Total capital expenditure</b>            | <b>8,325</b>                  | <b>8,325</b>                              | <b>7,954</b>                   |

| <b>5.2 COMMUNITY SUPPORT</b> | <b>2015-25 LTP<br/>YEAR 1</b> | <b>2015-25 LTP<br/>YEAR 1<br/>AMENDED</b> | <b>2016/17<br/>ANNUAL PLAN</b> |
|------------------------------|-------------------------------|---|--------------------------------|
|                              | <b>GROSS<br/>EXPENDITURE</b>  | <b>GROSS<br/>EXPENDITURE</b>              | <b>GROSS<br/>EXPENDITURE</b>   |
| <b>OPERATING EXPENDITURE</b> | <b>(\$000)</b>                | <b>(\$000)</b>                            | <b>(\$000)</b>                 |

|  |                |                |                |
|--|----------------|----------------|----------------|
| 5.2.1 - Libraries                      | 20,843         | 20,843         | 22,774         |
| 5.2.2 - Access support (Leisure Card)  | 105            | 105            | 102            |
| 5.2.3 - Community advocacy             | 1,279          | 1,279          | 1,215          |
| 5.2.4 - Grants (Social and Recreation) | 3,643          | 3,643          | 4,172          |
| 5.2.5 - Housing                        | 25,540         | 25,540         | 25,382         |
| 5.2.6 - Community centres and halls    | 3,201          | 3,201          | 3,449          |
| <b>Total operating expenditure</b>     | <b>54,611</b>  | <b>54,611</b>  | <b>57,093</b>  |
| <b>CAPITAL EXPENDITURE</b>             | <b>(\$000)</b> | <b>(\$000)</b> | <b>(\$000)</b> |
| 5.2.1 - Libraries                      | 5,627          | 5,627          | 9,223          |
| 5.2.2 - Access support (Leisure Card)  | -              | -              | -              |
| 5.2.3 - Community advocacy             | -              | -              | -              |
| 5.2.4 - Grants (Social and Recreation) | -              | -              | -              |
| 5.2.5 - Housing                        | 29,121         | 29,121         | 23,861         |
| 5.2.6 - Community centres and halls    | 154            | 154            | 328            |
| <b>Total capital expenditure</b>       | <b>34,902</b>  | <b>34,902</b>  | <b>33,412</b>  |

| <b>5.3 PUBLIC HEALTH AND SAFETY</b> | 2015-25 LTP<br>YEAR 1<br>GROSS<br>EXPENDITURE | 2015-25 LTP<br>YEAR 1<br>AMENDED<br>GROSS<br>EXPENDITURE | 2016/17<br>ANNUAL PLAN<br>GROSS<br>EXPENDITURE |
|-------------------------------------|---|--|--|
| <b>OPERATING EXPENDITURE</b>        | <b>(\$000)</b>                                | <b>(\$000)</b>   | <b>(\$000)</b>                                 |
| 5.3.1 - Burials and cremations      | 1,648   | 1,648  | 1,652  |
| 5.3.2 - Public toilets              | 2,661   | 2,661  | 2,814  |
| 5.3.3 - Public health regulations   | 5,276   | 5,276  | 5,254  |
| 5.3.4 - City safety                 | 2,674   | 2,674  | 2,807  |
| 5.3.5 - WREMO                       | 1,337   | 1,337  | 1,532  |
| <b>Total operating expenditure</b>  | <b>13,596</b>                                 | <b>13,596</b>  | <b>14,059</b>                                  |
| <b>CAPITAL EXPENDITURE</b>          | <b>(\$000)</b>                                | <b>(\$000)</b>   | <b>(\$000)</b>                                 |
| 5.3.1 - Burials and cremations      | 635   | 635  | 322  |
| 5.3.2 - Public toilets              | 984   | 984  | 1,622  |
| 5.3.3 - Public health regulations   | -   | -  | -  |
| 5.3.4 - City safety                 | -   | -  | -  |

|                                  |              |              |              |
|----------------------------------|--------------|--------------|--------------|
| 5.3.5 - WREMO                    | 52           | 52           | 73           |
| <b>Total capital expenditure</b> | <b>1,671</b> | <b>1,671</b> | <b>2,016</b> |

## 6. Urban Development - Tāone Tupu Ora

The Council's urban development work includes urban planning, controlling building activity and land use, assessing risks from earthquake-prone buildings, and developing and enhancing public spaces.

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

The Council's key roles are to provide public spaces and infrastructure, to plan and control development so the city can support a strong economy and a high quality of life in an environment that is both attractive and sustainable.

All of our work involves partnerships with developers and home owners who want to build or extend, with commuters who want to get to and from work or school, with businesses taking goods to market and with everyone who lives, works and plays in the city.

### KEY PROJECTS

#### Adelaide Road redevelopment

This is an urban intensification project. Work will begin on the initial planning stage of redeveloping Adelaide Road. Although Wellington has a vibrant Central Business District, 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 the 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.

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

Redeveloping the north end of Adelaide Road into a vibrant, mixed-use neighbourhood with high quality public spaces, rapid bus links, and new developments featuring apartments, workplaces, shops and cafes.

#### Lombard Lane redevelopment

We are working with others to increase levels of economic activity and pedestrian movement along inner city lanes and streets. This project is all about cheering up streets and laneways.

The works will include physical improvements such as lighting in key locations and a rolling programme of low-cost, pop-up activities at changing locations across the city. Improvements to Lombard Lane are part of this wider programme of street and laneway upgrades and \$1.5 million has been budgeted in 2016/17 for this work.

#### Frank Kitts upgrade\* (Under Waterfront Dev Plan?)

Frank Kitts Park plays an important role in the city as a gathering place and 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 at the time.

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

The redeveloped park is due for completion in 2018 and will cost \$5.5 million over the next two years. The redevelopment will create a more diverse and attractive harbour-front space, suitable for a range of uses including events, walking, relaxing and play.

#### Urban Activation Fund

The Urban Activation Fund will see pop-up events make use of the existing open spaces around the city.

### Building Heritage Incentive Fund

The Council's Built Heritage Incentive Fund helps owners maintain their heritage building. The fund has \$3 million to allocate over three years.

The fund recognises the importance of conserving, restoring, protecting and caring for Wellington's heritage-listed buildings, objects, and buildings in heritage areas as in the Wellington City District Plan Heritage List or Heritage Areas. 15% of the fund is reserved for conservation-specific work, while 85% is intended for work related to earthquake strengthening.

Earthquake strengthening work can be:

- an initial engineering report or assessment
- a grant towards the actual strengthening work.

The proposed work should maintain or enhance the building's heritage values.

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

### City resilience

Wellington has been selected as one of the Rockefeller Foundation-pioneered 100 Resilient Cities. Around 1,000 cities submitted applications to join the programme. Under the 100RC arrangement, Wellington is provided with support to develop a Resilience Strategy, and to commence implementation. The majority of the Strategy development work will occur in the 2016/17 financial year, funded by 100RC. The Strategy has strong linkages to other Council priorities and outcomes, including infrastructure, economic and social policy areas.

100RC will seek a further US\$5m of goods and services over the next five years for Wellington if the City pledges to allocate 10% of budget to funding the city's resilience goals. The 10% can include current projects, as well as new ones, and can be achieved comfortably. The 10% is currently spread over different areas of the budget, we will look to pull this information together in constructing the Resilience Strategy.

Other Councils in the Region are participating in the Strategy, which will focus on 4-6 key themes. These are likely to include areas such as: adaptation to climate change; earthquake resilience; housing issues and vulnerable communities. The themes will be finalised following public engagement through surveys, focus groups and interviews.

Officers will report progress to Councillors at key junctures. It is anticipated that the Strategy will identify programmes of work and projects that will be presented to Council as part of the 2018 LTP deliberations.

### Town Hall strengthening

The Council is currently working on a number of earthquake strengthening projects across the city. The Wellington Town Hall earthquake strengthening project is on hold while we reconsider issues relating to ground conditions and the building's proposed foundation design.

As part of confirming the proposed base-isolation system and to manage costs wisely, we commissioned further detailed geo-tech investigations late last year.

Geotechnical engineers advised that the building's proposed foundations will need considerably more strengthening than earlier thought to counteract the impact of liquefaction.

We have chosen to have our engineers review our strengthening design to evaluate alternative options. There are various ways of approaching the issue; we're taking the time to properly consider them all.

To find out more go to:

<http://wellington.govt.nz/your-council/projects/earthquake-strengthening-projects/town-hall-strengthening/about-the-project>

**URBAN DEVELOPMENT – GROUP OF ACTIVITIES**

| GROUP OF ACTIVITIES  | RATIONALE   | SERVICE OFFERING   | NEGATIVE EFFECTS  |
|--|---|--|---|
| <p><b>6.1 Urban planning, heritage and public spaces development (including Waterfront development)</b></p> <p>6.1.1 Urban planning and policy development</p> <p>6.1.2 City Shaper development</p> <p>6.1.3 Public spaces and centres development</p> <p>6.1.4 Built heritage development</p> | <p>Smart growth/urban containment</p> <p>Resilience</p> <p>Character protection</p> | <ul style="list-style-type: none"> <li>• Guiding where &amp; how the city grows through the District Plan</li> <li>• Maintaining Wellington's sense of place &amp; pride by preserving the city's heritage &amp; developing public spaces including the Waterfront</li> <li>• Key projects include:                             <ul style="list-style-type: none"> <li>• Frank Kitts Park upgrade</li> <li>• Adelaide Road regeneration</li> <li>• Kent and Cambridge Terraces urban regeneration project</li> </ul> </li> </ul> | <p>Population growth and urban development, if not well managed, can have negative effects on a city's environment and on social well-being. Left unchecked, growth can result in a reduction of open and green spaces with consequences for recreational opportunities, amenity and even some ecosystems.</p> <p>Development in the wrong areas, or the wrong types of development, can place strain on infrastructure and reduce people's ability to access services and enjoy the opportunities the city offers. Poorly-planned growth and poor development and construction of individual buildings can reduce the attractiveness of the city and the 'sense of place' that people identify with and it can have a direct impact on people's safety. As explained above, we aim to avoid or mitigate these negative effects by guiding future development into areas where the benefits are greatest and the negative effects least.</p> <p>The tools we use include planning, working with landowners, direct investment in development of public spaces, and using our regulatory powers under legislation such as the Building Act and Resource Management Act</p> |
| <p><b>6.2 Building and development control</b></p> <p>6.2.1 Building control and facilitation</p> <p>6.2.2 Development control and facilitation</p> <p>6.2.3 Earthquake risk mitigation – built environment</p>  |   | <ul style="list-style-type: none"> <li>• Ensuring building are safe in accordance with the Building Act</li> <li>• Ensuring natural resources are used sustainably in line with the Resource Management Act</li> </ul>   | <p>These activities exist to mitigate and manage risks from development, construction, weather-tight homes issues and from earthquakes.</p> <p>Development and construction, if not well managed, can have negative effects on a city's environment and on social well-being, and on the safety of individuals.</p> <p>Development in the wrong areas, or the wrong types of development, can place strain on infrastructure and reduce people's ability to access services and enjoy the opportunities the city offers.</p> <p>Poorly-planned growth, and poor development and construction of individual buildings, can reduce the attractiveness of the city and</p>   |

|  |  |  |   |
|--|--|--|---|
|  |  |  | <p>the 'sense of place' that people identify with and it can have a direct impact on people's safety.</p> <p>Our quake-prone building assessment programme is focused on ensuring quake-prone buildings are strengthened to required standards to ensure the safety of those that occupy the building and its surrounds</p> |
|--|--|--|---|

**URBAN DEVELOPMENT – PERFORMANCE MEASURES**

| URBAN DEVELOPMENT  |   |                             |                             |                  |
|--|---|-----------------------------|-----------------------------|------------------|
| <b>Objectives</b>  | <p><b>Smart growth / urban containment</b></p> <p><b>Resilience</b></p> <p><b>Character protection</b></p>  |                             |                             |                  |
| <b>Outcome Indicators</b>  | <p>Residents' perceptions that Wellington is a great place to live, work and play</p> <p>Value of residential and commercial building consents</p> <p>Population - growth and density (central city, growth spine)</p> <p>Residents' perceptions of the city centre as an easy place to get to, use and enjoy</p> <p>Residents' perceptions of urban design/urban form safety issues (i.e. Graffiti, vandalism, Poorly lit public spaces, etc.)</p> <p>Building density throughout the city</p> <p>Proportion of houses within 100m of a public transport stop</p> <p>Residents' perceptions that heritage items contribute to the city and local communities' unique character</p> <p>New Zealanders' perceptions that Wellington is an attractive destination</p> |                             |                             |                  |
| <p><b>6.1 Urban Planning, Heritage and Public Spaces Development (including Waterfront Development)</b></p> <p>6.1.1 Urban planning and policy development</p> <p>6.1.2 City Shaper development</p> <p>6.1.3 Public spaces and centres development</p> <p>6.1.4 Built heritage development</p> |   |                             |                             |                  |
| PURPOSE OF MEASURE   | PERFORMANCE MEASURE   | 2016/17                     | 2017/18                     | 2018-25          |
| To measure the quality of our urban planning, heritage protection and development work   | Residents (%) who agree the city is developing in a way that maintains high quality design  | Increase from previous year | Increase from previous year | increasing trend |
|  | District Plan listed items that are removed or demolished   | Nil                         | Nil                         | Nil              |
|  | Residents (%) who agree the central city is lively and attractive   | 87%                         | 87%                         | 87%              |
|  | Residents (%) who agree their local suburban centre is lively and attractive  | 60%                         | 60%                         | 60%              |
|  | Residents (%) who rate their waterfront experience as good or very good   | 90%                         | 90%                         | 90%              |
|  | The proportion of grants funds successfully allocated (through milestones being met)  | 95%                         | 95%                         | 95%              |
|  | Residents (%) who agree heritage items are appropriately valued and protected   | 65%                         | 65%                         | 65%              |
| <p><b>6.2 Building and Development Control</b></p> <p>6.2.1 Building control and facilitation</p> <p>6.2.2 Development control and facilitation</p> <p>6.2.3 Earthquake risk mitigation - built environment</p>  |   |                             |                             |                  |
| PURPOSE OF MEASURE   | PERFORMANCE MEASURE   | 2016/17                     | 2017/18                     | 2018-25          |

|  |  |      |           |      |
|--|--|------|-----------|------|
| To measure the timeliness of our building and development control services | Building consents issued within 20 working days  | 100% | 100%      | 100% |
|  | Code of Compliance Certificates issued within 20 working days  | 100% | 100%      | 100% |
|  | Land Information Memorandums (LIMs) issued within 10 working days                                      | 100% | 100%      | 100% |
|  | Resource consents (non-notified) issued within statutory timeframes                                    | 100% | 100%      | 100% |
|  | Resource consents that are monitored within 3 months of project commencement                           | 90%  | 90%       | 90%  |
|  | Subdivision certificates - Section 223 certificates issued within statutory timeframes                 | 100% | 100%      | 100% |
|  | Noise control (excessive noise) complaints investigated within one hour                                | 90%  | 90%       | 90%  |
|  | Environmental complaints investigated within 48 hours  | 98%  | 98%       | 98%  |
| To measure the quality of our building and development control services    | Customers (%) who rate building control services as good or very good                                  | 70%  | 70%       | 70%  |
|  | Building Consent authority (BCA) accreditation retention (2-yearly)                                    | n/a  | To retain | n/a  |
| To measure our progress on earthquake risk mitigation                      | Earthquake prone building notifications (section 124) (%) that are issued without successful challenge | 95%  | 95%       | 95%  |

**URBAN DEVELOPMENT – ACTIVITY BUDGET**

| 6.1 URBAN PLANNING, HERITAGE AND PUBLIC SPACES DEVELOPMENT | 2015-25 LTP       | 2015-25 LTP               | 2016/17           |
|--|-------------------|---------------------------|-------------------|
|  | YEAR 1            | YEAR 1                    | ANNUAL PLAN       |
|  | GROSS EXPENDITURE | AMENDED GROSS EXPENDITURE | GROSS EXPENDITURE |
| <b>OPERATING EXPENDITURE</b>                               | <b>(\$000)</b>    | <b>(\$000)</b>            | <b>(\$000)</b>    |
| 6.1.1 - Urban planning and policy                          | 2,277             | 2,277                     | 2,088             |
| 6.1.2 - Waterfront development                             | 972               | 972                       | 1,015             |
| 6.1.3 - Public spaces and centres development              | 2,169             | 2,169                     | 2,221             |
| 6.1.4 - Built heritage development                         | 1,498             | 1,498                     | 1,997             |
| <b>Total operating expenditure</b>                         | <b>6,916</b>      | <b>6,916</b>              | <b>7,321</b>      |
| <b>CAPITAL EXPENDITURE</b>                                 | <b>(\$000)</b>    | <b>(\$000)</b>            | <b>(\$000)</b>    |
| 6.1.1 - Urban planning and policy                          | -                 | -                         | -                 |
| 6.1.2 - Waterfront development                             | 6,843             | 6,843                     | 7,718             |
| 6.1.3 - Public spaces and centres development              | 1,425             | 1,425                     | 3,111             |
| 6.1.4 - Built heritage development                         | -                 | -                         | -                 |
| <b>Total capital expenditure</b>                           | <b>8,268</b>      | <b>8,268</b>              | <b>10,830</b>     |

| <b>6.2 BUILDING AND DEVELOPMENT CONTROL</b>            | <b>2015-25 LTP<br/>YEAR 1<br/>GROSS<br/>EXPENDITURE</b> | <b>2015-25 LTP<br/>YEAR 1<br/>AMENDED<br/>GROSS<br/>EXPENDITURE</b> | <b>2016/17<br/>ANNUAL PLAN<br/>GROSS<br/>EXPENDITURE</b> |
|--|---|---|--|
| <b>OPERATING EXPENDITURE</b>                           | <b>(\$000)</b>  | <b>(\$000)</b>  | <b>(\$000)</b>   |
| 6.2.1 - Building control and facilitation              | 13,809  | 13,809  | 13,824   |
| 6.2.2 - Development control and facilitation           | 5,981   | 5,981   | 5,967  |
| 6.2.3 - Earthquake risk mitigation - built environment | 1,710   | 1,710   | 1,397  |
| <b>Total operating expenditure</b>                     | <b>21,500</b>   | <b>21,500</b>   | <b>21,187</b>  |
| <b>CAPITAL EXPENDITURE</b>                             | <b>(\$000)</b>  | <b>(\$000)</b>  | <b>(\$000)</b>   |
| 6.2.1 - Building control and facilitation              | -   | -   | -  |
| 6.2.2 - Development control and facilitation           | -   | -   | -  |
| 6.2.3 - Earthquake risk mitigation - built environment | 5,940   | 5,940   | 6,414  |
| <b>Total capital expenditure</b>                       | <b>5,940</b>  | <b>5,940</b>  | <b>6,414</b>   |

## 7. Transport – Waka

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

Our work is essential for connections between people, their ability to interact with each other, and their enjoyment of the city and what it has to offer. It is necessary for the economy, the ability of businesses to reach their markets, and to collaborate and innovate.

### KEY PROJECTS

#### Bus priority planning

We will continue to work with our partners to implement the Wellington Regional Transport Plan.

The Wellington Regional Transport Plan includes introducing a high-frequency, low-emission bus service on key routes that link the central city to the Basin Reserve, Newtown, and Kilbirnie.

This work will deliver safer, healthier, and more environmentally friendly transport options. It will also reduce congestion and travel times.

- When? On-going
- How much? \$10 million (over 10 years on key routes such as Kent and Cambridge terraces and Adelaide Road.)

#### Cycleway planning and implementation

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

Like other well-connected cities, we plan to encourage a greater uptake of cycling. Cars can provide flexibility for many journeys, but can also be inefficient, requiring parking space and creating congestion, especially at peak times. 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.

Because of the city's narrow and winding streets, some road or footpath space must be reallocated. This may 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 central city. The plan is to roll it out over the next decade.

Implementing cycleways in Wellington has its challenges because we are retrofitting them into established streets. Because of the city's narrow and winding streets, some road or footpath space must be reallocated. This may 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 central city. The plan is to roll it out over the next decade.

- When? On-going
- How much? \$45 million (over 10 years)

#### Hutt Road cycleway

Wellington's busiest cycle route, and one of its busiest bus corridors, will be made safer and more efficient with a new cycleway and transport improvements planned for the Hutt Road between Ngauranga and the central city. Work is scheduled to start this year and will be completed in 2018.

We have plans to build a new high-quality cycle path/footpath to make this route safer for pedestrians, cyclists and motorists. Two-thirds of the indicative \$9 million cost will be paid by the Government through the new Urban Cycleways Fund and the National Land Transport Fund. The Council's budgeted share is \$3.12 million.

The Hutt Road pathway is part of the Council's planned \$34.7 million investment in cycling over the next three years, to encourage sustainable and affordable transport, healthy exercise, fewer emissions and reduce congestion. Two-thirds of that investment will be made by the Government and one-third by the City Council.

**Safer speeds**

The proposal to reduce vehicle speeds will make these roads safer and more pleasant for all road users. Studies show that reducing vehicle speeds significantly reduces the number and severity of injuries. There will be little effect on motorists' travel times.

What we proposed and why

- The proposals to reduce vehicle speeds will make those streets safer and more pleasant for all road users.
- The new speed limits would apply to all vehicles at all times.
- Studies show that reducing vehicle speeds significantly reduces the number and severity of injuries.
- In the areas where the speed limit proposed is 30km/h, there will be little effect on motorists' travel times, as the average speed in these areas is already close to that speed.

**Cable car**

As part of our maintenance programme we will be replacing the drive mechanism for the cable car.

**Parking sensors**

We are trialling the use of smart technology that will make it easier for people to find car parks and pay for parking. 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 price for parking.

The sensors can be incorporated with online payment systems, making it easy for drivers to 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 making sure drivers comply with time limits, and don't park without paying or park in areas they are not permitted to (such as disability parks or loading zones).

- When? On-going
- How much? \$1.5 million (over 10 years)
- Saving? \$8.7 million (over 10 years)

**TRANSPORT – GROUP OF ACTIVITIES**

| GROUP OF ACTIVITIES   | RATIONALE  | SERVICE OFFERING   | NEGATIVE EFFECTS  |
|---|--|--|---|
| <b>7.1 Transport</b><br>7.1.1 Transport planning<br>7.1.2 Vehicle network<br>7.1.3 Cycle network<br>7.1.4 Passenger transport network<br>7.1.5 Pedestrian network<br>7.1.6 Network-wide control and management<br>7.1.7 Road safety | Increased active mode share<br><br>Road safety<br><br>Reliable transport routes<br><br>Reduced emissions | <ul style="list-style-type: none"> <li>• 54 road bridges (road and pedestrian) &amp; 5 tunnels</li> <li>• 2,397 walls, 450 bus shelters &amp; 18,000 street lights</li> <li>• 24.3km of cycle ways</li> <li>• 858km of pedestrian paths 680km of road pavements</li> <li>• 132km of handrails, guardrails and sight rails</li> <li>• 1500 hectares of road corridor land</li> <li>• 21,499 signs &amp; traffic signals</li> <li>• Lincolnshire Farm link roads</li> <li>• Cycleways</li> </ul> | With any transport system, the potential negative effects are significant. In particular, there are environmental costs, ranging from air and noise pollution to surface water runoff from roads that may carry contaminants (by-products of tyres, brakes and engines and deposition from exhaust gases) into the stormwater system. This environmental impact is linked to the number of vehicles on the road, however the dominant impact is the surrounding land uses, which direct stormwater run-off to the road. There are also potential negative effects from individual projects: for example, construction of any new road has effects on neighbours and neighbourhoods<br><br>Dealing with these effects is complex. Some issues, such as vehicle emission standards, are properly dealt with at a national level. Others, such as air and water quality, are |

|   |   |   |  |
|---|---|---|--|
|   |   |   | <p>regional issues. Of those issues that can be dealt with at a local level, we seek to reduce the cause of the negative effects where possible. At present there are few statutory requirements for road controlling authorities to mitigate contaminants in road runoff before it is discharged to the receiving environment</p> <p>This Council does monitor the effects of stormwater run-off on aquatic receiving environments to ensure that adverse effects are avoided, remedied or mitigated</p> <p>Other potentially significant negative effects we must consider include:</p> <ul style="list-style-type: none"> <li>The timing of road works and other improvements. These can impact on local businesses but may also affect growth opportunities. Our transport planning is designed to minimise the impact and focus our work in growth areas</li> <li>Safety. The transport network brings pedestrians, cyclists and vehicles together. This presents hazards to users. We've developed road safety programmes and design solutions to reduce the likelihood and severity of accidents</li> </ul> |
| <p><b>7.2 Parking</b><br/>7.2.1 Parking</p> | <p>Enabling people to shop, work and access recreation activities</p> | <ul style="list-style-type: none"> <li>12,000 on-street parking spaces, 3,400 of which are in the CBD</li> <li>Street spaces for taxis, couriers, people with disabilities, bus stops &amp; diplomatic services</li> <li>Managing off-street parking at Clifton Terrace, the Michael Fowler Centre, &amp; beneath Civic Square</li> </ul> |  |

**TRANSPORT – PERFORMANCE MEASURES**

|                           |  |
|---------------------------|--|
| <b>TRANSPORT</b>          |  |
| <b>Objectives</b>         | <p>Increased active mode share<br/>Road safety<br/>Reliable transport routes<br/>Reduced emissions</p>   |
| <b>Outcome Indicators</b> | <p>Residents' perceptions that peak traffic volumes are acceptable<br/>Residents' perceptions that the transport system allows easy access to the city<br/>Residents' perceptions of quality and affordability of public transport services<br/>Air quality monitoring (i.e. Nitrogen dioxide, carbon monoxide, and particulate matter peaks)<br/>Change from previous year in the number of road crashes resulting in fatalities and serious injury.*<br/>Social cost of crashes<br/>Residents perceptions of transport related safety issues (i.e. Issues of most concern)</p> |

|   |   |                                  |                                  |                                  |
|---|---|----------------------------------|----------------------------------|----------------------------------|
|   | Number of cyclists and pedestrians entering the CBD (weekdays)<br>Residents (%) who agree the transport system allows easy movement around the city - vehicle users and pedestrians |                                  |                                  |                                  |
| <b>7.1 Transport</b>  |   |                                  |                                  |                                  |
| 7.1.1 Transport planning<br>7.1.2 Vehicle network<br>7.1.3 Cycle network<br>7.1.4 Passenger transport network<br>7.1.5 Pedestrian network<br>7.1.6 Network-wide control and management<br>7.1.7 Road safety |   |                                  |                                  |                                  |
| <b>PURPOSE OF MEASURE</b>   | <b>PERFORMANCE MEASURE</b>  | <b>2016/17</b>                   | <b>2017/18</b>                   | <b>2018-25</b>                   |
| To measure the quality and timeliness of the transport infrastructure and service   | Residents condition (%) rating of the network - roads and footpaths (good or very good)   | R: 75%<br>F: 75%                 | R: 75%<br>F: 75%                 | R: 75%<br>F: 75%                 |
|   | Requests for service response rate - urgent (within 2 hours) and non-urgent (within 15 days)*   | Urgent: 100%<br>non-urgent: 100% | Urgent: 100%<br>non-urgent: 100% | Urgent: 100%<br>non-urgent: 100% |
|   | Roads (%) which meet smooth roads standards (smooth roads - measured by Smooth Travel Exposure based on NAASRA counts)*   | 70%                              | 70%                              | 70%                              |
|   | Footpath (%) condition rating (measured against WCC condition standards)*   | 97%                              | 97%                              | 97%                              |
|   | Street lighting (%) for major roads (arterial, principal and collector roads) meets national standards)   | 100%                             | 100%                             | 100%                             |
|   | Residents' satisfaction (%) with street lighting in the central city and suburban areas   | Central: 85%<br>Suburbs:75%      | Central: 85%<br>Suburbs:75%      | Central: 85%<br>Suburbs:75%      |
|   | Sea wall and retaining wall condition rating - walls (%) rated 3 or better (1 very good, 5 very bad)  | 90%                              | 90%                              | 90%                              |
|   | Percentage of the sealed local road network that is resurfaced*   | 10%                              | 10%                              | 10%                              |
|   | <b>*DIA Mandatory measure</b>   |                                  |                                  |                                  |
| <b>7.2 Parking</b>  |   |                                  |                                  |                                  |
| 7.2.1 Parking   |   |                                  |                                  |                                  |
| <b>PURPOSE OF MEASURE</b>   | <b>PERFORMANCE MEASURE</b>  | <b>2016/17</b>                   | <b>2017/18</b>                   | <b>2018-25</b>                   |
| To measure the quality of our parking provision   | On-street car park turn-over rates - weekdays and weekends  | Week: 6.8<br>Weekend:5.2         | Week: 6.8<br>Weekend:5.2         | Week: 6.8<br>Weekend:5.2         |
|   | On-street car park average occupancy  | 75%                              | 75%                              | 75%                              |
|   | On-street car park compliance - time restrictions and payment   | Time: 95%<br>Payment: 90%        | Time: 95%<br>Payment: 90%        | Time: 95%<br>Payment: 90%        |
|   | Residents' perceptions (%) that parking enforcement is fair   | Increase from previous year      | Increase from previous year      | Increase from previous year      |

**TRANSPORT – ACTIVITY STATEMENT**

| <b>7.1 TRANSPORT</b>                        | <b>2015-25 LTP<br/>YEAR 1</b> | <b>2015-25 LTP<br/>YEAR 1<br/>AMENDED</b> | <b>2016/17<br/>ANNUAL PLAN</b> |
|---|-------------------------------|---|--------------------------------|
|   | <b>GROSS<br/>EXPENDITURE</b>  | <b>GROSS<br/>EXPENDITURE</b>              | <b>GROSS<br/>EXPENDITURE</b>   |
| <b>OPERATING EXPENDITURE</b>                | <b>(\$000)</b>                | <b>(\$000)</b>                            | <b>(\$000)</b>                 |
| 7.1.1 - Transport planning                  | 1,144                         | 1,144                                     | 3,437                          |
| 7.1.2 - Vehicle network                     | 22,645                        | 22,645                                    | 24,103                         |
| 7.1.3 - Cycle network                       | 1,660                         | 1,660                                     | 1,444                          |
| 7.1.4 - Passenger transport network         | 1,720                         | 1,720                                     | 2,450                          |
| 7.1.5 - Pedestrian network                  | 6,548                         | 6,548                                     | 7,058                          |
| 7.1.6 - Network-wide control and management | 6,799                         | 6,799                                     | 7,514                          |
| 7.1.7 - Road safety                         | 6,095                         | 6,095                                     | 6,344                          |
| <b>Total operating expenditure</b>          | <b>46,612</b>                 | <b>46,612</b>                             | <b>52,350</b>                  |
| <b>CAPITAL EXPENDITURE</b>                  | <b>(\$000)</b>                | <b>(\$000)</b>                            | <b>(\$000)</b>                 |
| 7.1.1 - Transport planning                  | -                             | -   | -                              |
| 7.1.2 - Vehicle network                     | 23,017                        | 23,017                                    | 21,558                         |
| 7.1.3 - Cycle network                       | 5,673                         | 5,673                                     | 11,884                         |
| 7.1.4 - Passenger transport network         | 145                           | 145                                       | 888                            |
| 7.1.5 - Pedestrian network                  | 4,583                         | 4,583                                     | 4,671                          |
| 7.1.6 - Network-wide control and management | 2,804                         | 2,804                                     | 2,380                          |
| 7.1.7 - Road safety                         | 2,352                         | 2,352                                     | 3,538                          |
| <b>Total capital expenditure</b>            | <b>38,573</b>                 | <b>38,573</b>                             | <b>44,919</b>                  |

| <b>7.2 PARKING</b>                 | <b>2015-25 LTP<br/>YEAR 1</b> | <b>2015-25 LTP<br/>YEAR 1<br/>AMENDED</b> | <b>2016/17<br/>ANNUAL PLAN</b> |
|------------------------------------|-------------------------------|---|--------------------------------|
|                                    | <b>GROSS<br/>EXPENDITURE</b>  | <b>GROSS<br/>EXPENDITURE</b>              | <b>GROSS<br/>EXPENDITURE</b>   |
| <b>OPERATING EXPENDITURE</b>       | <b>(\$000)</b>                | <b>(\$000)</b>                            | <b>(\$000)</b>                 |
| 7.2.1 - Parking                    | 13,404                        | 13,404                                    | 13,497                         |
| <b>Total operating expenditure</b> | <b>13,404</b>                 | <b>13,404</b>                             | <b>13,497</b>                  |
| <b>CAPITAL EXPENDITURE</b>         | <b>(\$000)</b>                | <b>(\$000)</b>                            | <b>(\$000)</b>                 |
| 7.2.1 - Parking                    | 1,449                         | 1,449                                     | 496                            |

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|                           |       |       |     |
|---------------------------|-------|-------|-----|
| Total capital expenditure | 1,449 | 1,449 | 496 |
|---------------------------|-------|-------|-----|

## 8. Council Controlled Organisations

In order to achieve our objectives for Wellington we have established several companies and trusts. These organisations were set up to independently manage Council facilities, or to deliver significant services and undertake developments on behalf of the Wellington community. The following table explains what these organisations do and how their performance is measured.



### WELLINGTON REGIONAL STADIUM TRUST

| STRUCTURE  | OBJECTIVES   | ACTIVITIES   | PERFORMANCE INDICATORS   |
|--|--|--|--|
| <p>All of the trustees are jointly appointed by the Council and Greater Wellington Regional Council (GWRC)</p> <p>As at <b>1 January 2016</b>, they are John Shewan (Chair), Therese Walsh, Councillor Nigel Wilson (GWRC), Susan Elliott, Steven Fyfe, Mark McGuinness, Rachel Taulelei and Councillor Simon Marsh (WCC)</p> <p>The Chief Executive is Shane Harmon</p> | <p>The Wellington Regional Stadium Trust owns, operates and maintains the Stadium as a high-quality multi-purpose sporting and cultural venue. It provides facilities to be used for rugby, cricket and other sports codes, musical and cultural events, and other users including sponsors and event and fixture organisers</p> | <p>Operates the Stadium</p> <p>Manages the event programme and seeks opportunities to provide regular quality events</p> <p>Ensures the Stadium is provided to the community for appropriate usage</p> <p>Administers the Trust assets and the Stadium on a prudent commercial basis</p> | <p>Number of events</p> <p>Total revenue</p> <p>Event revenue</p> <p>Net surplus</p> |

Note: the Wellington Regional Stadium Trust is not formally defined as a Council Controlled Organisation. This plan for their activities is presented to recognise the interest that Wellington city ratepayers have in the Trust and its activities



**WELLINGTON REGIONAL ECONOMIC DEVELOPMENT AGENCY**

| STRUCTURE  | OBJECTIVES  | ACTIVITIES  | PERFORMANCE INDICATORS  |
|--|---|---|---|
| <p>WREDA is the new regional economic development agency for the lower North Island, combining the economic development activities of Wellington City Council and the Greater Wellington Regional Council into one organisation</p> <p>The Wellington City Council is an 80% shareholder, and the Greater Wellington Regional Council is a 20% shareholder</p> <p>As at <b>1 January 2016</b>, the board members are Peter Biggs (Chair), Helen Anderson, Matt Clarke, Sarah Gibbs, Prof. Grant Guilford, Richard Laverty, Paul Mersi, Thomas Pippas, Dave Gibson and Lorraine Witten</p> <p>The Chief Executive is Chris Whelan</p> | <p>WREDA is a new economic development agency that brings together the region's economic development agency (Grow Wellington) with existing city tourism (Positively Wellington Tourism) and venues (Positively Wellington Venues) agencies, and the Wellington City Council's major events activities</p> <p>The benefits to the region of a single agency include: one voice, clearer focus, better use of resources, and improved scale and capacity</p> | <p>WREDA combines the activities and functions of four business units, previously located within, and supported by, the Wellington City Council and the Greater Wellington Regional Council – Grow Wellington (the region's economic development agency) and its subsidiary, Creative HQ; Positively Wellington Tourism; and Positively Wellington Venues. WCC's Major Events unit will transfer to WREDA in the future</p> | <p>To be confirmed on approval of SOI</p> <ul style="list-style-type: none"> <li>Major events over the entire portfolio will achieve an economic benefit for every dollar invested</li> <li>Maintain Wellington's Convention and Incentive market share (of the multi-day conference market) within the NZ market</li> <li>Number of direct Australian visitor arrivals will exceed 2015/16 levels</li> <li>Increase the number of international students studying in Wellington</li> </ul> |



**WELLINGTON MUSEUMS TRUST**

| STRUCTURE   | OBJECTIVES   | ACTIVITIES  | PERFORMANCE INDICATORS  |
|---|--|---|---|
| <p>All trustees are appointed by the Council</p> <p>As at 1 January 2016, they are Jackie Lloyd (Chair), Councillor Nicola Young, Jane Wrightson, Rachel Farrant, and Jill Wilson</p> <p>The Chief Executive is Pat Stuart</p> <p>The Chief Executive is Pat Stuart</p> | <p>The Wellington Museums Trust (WMT) was established in 1995 to promote and manage the City Gallery Wellington, the Museum of Wellington City &amp; Sea, the Colonial Cottage, Capital E, the Wellington Cable Car Museum, and the Carter Observatory</p> <p>WMT manages its facilities, establishes exhibition programmes and education policies for its facilities, and develops acquisition, deaccession and collection development policies for its collections and artefacts</p> | <ul style="list-style-type: none"> <li>• Deliver high quality experiences, events and exhibitions at its facilities</li> <li>• Manage conservation and care for the objects of its collections, and conduct research and development to enhance visitors' experiences</li> <li>• Offer quality education experiences to children and young people</li> <li>• Promote and protect the heritage of venues</li> </ul> <p>Work with national and international artists and collectors</p> | <p>Attendance:</p> <ul style="list-style-type: none"> <li>• City Gallery</li> <li>• Capital E</li> <li>• Museum of Wellington</li> <li>• Cable Car Museum</li> <li>• Carter Observatory</li> </ul> <ul style="list-style-type: none"> <li>• Subsidy per visitor</li> <li>• Revenue per visitor</li> <li>• Total ownership cost to Council</li> <li>• Percentage of visitors who rate the quality of their experience as good or very good</li> <li>• Percentage of visitors that are repeat visitors</li> </ul> |



**WELLINGTON CABLE CAR LIMITED**

| STRUCTURE   | OBJECTIVES   | ACTIVITIES  | PERFORMANCE INDICATORS  |
|---|--|---|---|
| <p>The Council is the 100% shareholder in this company and appoints all of the directors</p> <p>As at <b>1 January 2016</b>, they are Anthony Wilson and Andy Matthews</p> <p>The Chief Executive is Simon Fleisher</p> | <p>Wellington Cable Car Limited owns and operates the Cable Car</p> <p>It also owns and maintains the overhead wiring system for the trolley bus passenger network which services the city</p> | <ul style="list-style-type: none"> <li>Maintain the cable cars and associated track, plant, tunnels, bridges and buildings in accordance with best engineering practice, and to meet the certification requirements of the New Zealand Transport Agency</li> <li>Market and manage the cable car passenger service operation</li> <li>Manage the contract for the inspection, maintenance and repair of the trolley bus overhead wiring system</li> </ul> | <ul style="list-style-type: none"> <li>Cable car passenger numbers</li> <li>Cable car service reliability</li> <li>Percentage of users who rate the standard and operational reliability of the Cable Car as good or very good</li> </ul> |



**WELLINGTON WATER LIMITED**

| STRUCTURE   | OBJECTIVES  | ACTIVITIES  | PERFORMANCE INDICATORS  |
|---|---|---|---|
| <p>Wellington Water was established in September 2014 and was formed by the merger of Greater Wellington Regional Council's water supply group with Capacity Infrastructure Services, which was owned by Hutt, Porirua, Upper Hutt and Wellington city councils. The five local authorities are joint and equal owners of Wellington Water</p> <p>Each council owns its respective water, storm water and waste water assets and determines the level and standard of services to be provided to its customers and ratepayers</p> <p>As at <b>1 January 2016</b>, the Directors are John Strahl (Chair), Nicki Crauford, Cynthia Brophy, David Wright and David Benham</p> <p>The Chief Executive is Colin Grampton</p> | <p>To manage the provision of water services (water supply, storm water and wastewater) to the residents and businesses in the areas served by its customers</p> <p>Wellington Water's customers are Wellington City Council, Hutt City Council, Porirua City Council and Upper Hutt City Council</p> | <p>Provide high quality, safe and environmentally sustainable services to shareholding councils and other customers with a focus on contracted service delivery for the operation, maintenance and on-going development of drinking water, storm water and waste water assets and services, and asset management planning</p> | <ul style="list-style-type: none"> <li>• Provide a reliable water supply, wastewater and storm water management service.</li> <li>• Deliver budgeted capital expenditure projects for its shareholding councils.</li> <li>• Deliver budgeted operating and maintenance activities for its shareholding councils.</li> <li>• Comply with relevant standards, legislation and resource consents.</li> </ul> |



**WELLINGTON ZOO TRUST**

| STRUCTURE  | OBJECTIVES  | ACTIVITIES   | PERFORMANCE INDICATORS  |
|--|---|--|---|
| <p>The Wellington Zoo Trust was established on 1 July 2003 and all of the trustees are appointed by the Council</p> <p>As at 1 January 2016, they are Craig Ellison (Chair), Frances Russell, Linda Meade, Raewyn Bleakley and Councillor Sarah Free</p> <p>The Chief Executive is Karen Fifield</p> | <p>The Wellington Zoo Trust manages the assets and operations of Wellington Zoo for the benefit of the residents of Wellington and visitors to the city. It promotes species conservation, educates the community by building an awareness of plant and animal species, and supports the conservation and educational activities of other organisations</p> | <ul style="list-style-type: none"> <li>• Cares for resident animals and manages the animal collection.</li> <li>• Provides a high-quality visitor experience</li> <li>• Participates in captive management breeding and breed-for-release programmes.</li> <li>• Develops and maintains high quality animal exhibits.</li> <li>• Delivers educational material and learning experiences.</li> <li>• Contributes to zoological, conservation and facilities management research projects</li> </ul> | <ul style="list-style-type: none"> <li>• Number of visitors</li> <li>• Conservation Programme Managed Species (% of total collection)</li> <li>• Average WCC subsidy per visitor</li> <li>• Total ownership cost to Council</li> <li>• Average income per visitor</li> <li>• Ratio of generated Trust income as % of WCC grant</li> </ul> |



**BASIN RESERVE TRUST**

| STRUCTURE  | OBJECTIVES  | ACTIVITIES  | PERFORMANCE INDICATORS  |
|--|---|---|---|
| <p>There are four trustees, of whom two are appointed by the Council and two by Cricket Wellington</p> <p>As at 1 January 2016, the two trustees appointed by the Council are Councillor Paul Eagle and Sir John Anderson (Chair). The two trustees appointed by Cricket Wellington are Michael Horsley and John Greenwood</p> <p>The Chief Executive is Peter Clinton</p> | <p>The Basin Reserve Trust manages and operates the Basin Reserve to continue to attract national and international sporting events to Wellington</p> | <ul style="list-style-type: none"> <li>• Manages the Basin Reserve for recreational activities and the playing of cricket for the residents of Wellington</li> <li>• Contributes to the events programme for Wellington</li> <li>• Operates as a successful not-for-profit undertaking</li> <li>• Preserves and enhances the heritage value of the Basin Reserve</li> </ul> | <p>Number of events</p> <ul style="list-style-type: none"> <li>• Cricket</li> <li>• Other sports</li> <li>• Community</li> </ul> <p>Number of event days</p> <ul style="list-style-type: none"> <li>• Cricket</li> <li>• Other sports</li> <li>• Community</li> </ul> <p>Attendance figures</p> |

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**LAMBTON HARBOUR MANAGEMENT LIMITED (TRADING AS WELLINGTON WATERFRONT LIMITED)**

| STRUCTURE  | OBJECTIVES  | ACTIVITIES  | PERFORMANCE INDICATORS  |
|--|---|---|---|
| <p>The Council is the 100% shareholder in this company and appoints all of the directors</p> <p>As at <b>1 January 2016</b>, they are council officers Kevin Lavery (chair), Derek Fry, Andy Matthews and Greg Orchard</p> <p>The external Board of Wellington Waterfront Limited was disestablished on 1 April 2014</p> | <p>Wellington Waterfront Limited holds the assets of the Wellington Waterfront project (as defined in the Wellington Harbour Board and Wellington City Council Vesting and Empowering Act 1987) as bare Trustee for the Council</p> | <p>Wellington Waterfront Limited functions as a holding company for Waterfront assets</p> | <p>Not Applicable</p> <p>The day to day operations formerly delivered by Wellington Waterfront Limited were transferred to the Council with the activities for each year detailed within the annual Waterfront Development Plan</p> |

## **Wellington Waterfront Development Plan – Year 16/17**

### **North Kumutoto Public Space**

The North Kumutoto precinct is located around the entrance to the car and motor home park area at the corner of Whitmore Street and Waterloo Quay. This area is north of the Meridian building and south of the Shed 21 Apartments.

There is a preliminary design proposal for a building on Site 10 and the associated development of public space, subject to the following design issues being taken forward:

- Undertake wind effect investigation, so it can inform planning and location of shelter for public open space users.
- Undertake shade diagrams, so these can inform planning and location of shade for public open space users.
- Continue to seek input from Iwi and the Council's Accessibility Advisory Group.
- Ensure that the Creative Business Hub feature is retained as the building design is developed.
- Ensure that issues of vehicle and pedestrian movement, lighting and safety are addressed.



**TPG PLANNING**  
STRATEGIC PROBLEM SOLVING FOR INNOVATIVE OUTCOMES

**REPORT TO:**

Wellington City Council

*An Urban Development Agency for Wellington City*  
Business case and proposal

March 2016

Absolutely Positively  
Wellington City Council  
Me Heke Ki Pōneke



## Contents

|  |    |
|--|----|
| GLOSSARY .....   | 2  |
| EXECUTIVE SUMMARY .....  | 3  |
| 1. INTRODUCTION .....  | 9  |
| 2. WHAT URBAN DEVELOPMENT AGENCIES DO .....                            | 11 |
| 3. WELLINGTON CITY: PROBLEM DEFINITION AND BENEFITS OF<br>ACTING ..... | 13 |
| 4. WHAT DEVELOPMENT WELLINGTON WOULD DO .....                          | 16 |
| 5. COST BENEFIT ANALYSIS .....   | 27 |
| 6. PROPOSED MODEL .....  | 34 |
| 7. CONCLUSION .....  | 42 |
| 8. BACKGROUND MATERIAL .....   | 44 |

**GLOSSARY**

|                |  |
|----------------|--|
| <b>AC</b>      | Auckland Council                                       |
| <b>CCC</b>     | Christchurch City Council                              |
| <b>CCDU</b>    | Christchurch Central Development Unit                  |
| <b>CCO</b>     | Council-Controlled Organisation                        |
| <b>CCTO</b>    | Council Controlled Trading Organisation                |
| <b>Council</b> | Wellington City Council                                |
| <b>EQPB</b>    | Earthquake Prone Building(s)                           |
| <b>GFC</b>     | Global Financial Crisis                                |
| <b>HASHAA</b>  | Housing Accords and Special Housing Areas Act          |
| <b>LGA</b>     | Local Government Act                                   |
| <b>LGOIMA</b>  | Local Government Official Information and Meetings Act |
| <b>PWA</b>     | Public Works Act                                       |
| <b>RMA</b>     | Resource Management Act                                |
| <b>UDA</b>     | Urban Development Agency                               |
| <b>UGP</b>     | Wellington City Urban Growth Plan (2015)               |
| <b>SHA</b>     | Special Housing Area (identified under the WHA)        |
| <b>SPV</b>     | Special Purpose Vehicle                                |
| <b>TAG</b>     | Technical Advisory Group                               |
| <b>WHA</b>     | Wellington Housing Accord                              |
| <b>WWL</b>     | Wellington Waterfront Limited                          |

## **EXECUTIVE SUMMARY**

### **CONTEXT**

This business case supports the establishment of a Council-led urban development agency (UDA) for Wellington City. The UDA would be a council-controlled organisation (CCO) or council-controlled trading organisation (CCTO) to enable Council to effectively participate in the local property market and partner with private developers to deliver catalyst projects, Council facilities and achieve broad-scale urban regeneration. The idea of Council forming a UDA has been raised periodically over the last ten years but more recently Council initiatives and growth pressures have given it greater momentum.

UDAs are employed broadly around the world as special purpose vehicles (SPVs) to facilitate positive change in urban environments where there has been market failure or a partnership approach is required to address urban decay and redevelopment challenges. Although there is not a rich history of UDAs in New Zealand urban development pressures are being felt more keenly as urban areas continue to grow and face new challenges.

This is particularly the case in Auckland where Auckland Council (AC) has recently formed Panuku, a UDA with a mandate to oversee the redevelopment of Council policy in a manner consistent with AC's urban policy objectives. With its earthquake experience Christchurch has also provided fertile ground for public sector intervention in the property market with central government forming a UDA known as the Christchurch Central Development Unit (CCDU) which is currently transitioning into a joint central government / Christchurch City Council (CCC) entity called Regenerate Christchurch.

### **THE ISSUES FOR WELLINGTON**

Wellington City's issues are unique in their own right and stem back to the physically constrained nature of the city (hemmed between the harbour and the hills and lacking flat land) and exacerbated by the demand pressures of being the economic hub of the lower North Island.

These factors constrain the city's ability to grow and raise the stakes on what readily developable land does become available. Public sector intervention in the land and property market poses the opportunity to consolidate and assemble land, and to make better use of strategic sites when they do become available. Put simply, without direct intervention many of the projects and outcomes set out in Council's urban growth plan (UGP) will not be realised. A dedicated function which better responds to (and proactively identifies) partnership opportunities would assist in bringing land to market and delivering the outcomes and projects set out in the UGP.

However, intervention should seek to leave as light a footprint as possible based on the principle of “bridging the gap to the market and no more” (see below). This would be achieved by acting in partnership with the private sector to harness its abilities rather than compete against it.

The related Council initiatives and growth pressures which have given the idea of a UDA greater momentum include:

- Council’s economic development and investment initiatives;
- the recently adopted UGP;
- the Wellington Housing Accord (WHA) signed with central government; and
- associated housing supply and price pressures.

With these factors in mind we recommend the UDA operate in the follow main areas of endeavour:

- Purchasing and assembling viable development parcels in strategic locations.
- Setting outcomes for developments – and working with the market to deliver those outcomes.
- Delivering major Council projects (above specified significance and value thresholds).
- Acting as Council’s development advocate / developer facing function where support and or co-ordination with Council activities is required.

For clarity we note that the UDA would have a project delivery focus and would not impact Council’s planning (district plan and resource consents) or infrastructure delivery functions. These would continue to be delivered from in-house. Notwithstanding, alignment with these and other related functions of Council would clearly be beneficial.

If it is determined not to form a UDA and become a proactive player in the market we believe the primary risk is one of lost opportunity in terms of transforming Wellington consistent with Council’s economic growth and urban development goals. There is also a risk over the medium-term that left to its own devices the development sector will not be able to bring enough new housing product to market given the identified land scarcity and fragmentation issues in the city, together with lack of development capacity. In turn this could result in significant increases in house prices within the city and leakage of prospective new residents to local authorities to the north (and potentially the region altogether). There is also the likelihood that the market may deliver suboptimal outcomes.

#### **PRINCIPLES BASED APPROACH**

To maximise effectiveness and limit risk to Council a principles based is recommended. In

November 2015 officers presented eight broad principles for a UDA that would guide the operations of the UDA:

1. Supports Council's urban development and urban growth initiatives.
2. Operates with clear terms of reference and is accountable to Council.
3. Bridges the gap to the market and no more.
4. Operates in a commercial manner at arms' length of Council
5. Self-funding (over time).
6. Is agile and able to scale up and down quickly in response to workflow.
7. Is independent of local property interests.
8. Operates within risk parameters established by Council.

#### **ARMS' LENGTH ENTITY**

Application of the principles allied to the findings of research and consultation has led us to a clear view that an arms' length entity, either a CCO or CCTO, is preferable to performing UDA type functions from inside Council's existing structure. Further work on tax implications is required to determine whether a CCO or CCTO is the best vehicle. The main reasons an arms' length entity is preferred are as follows:

1. Enhanced ability to perform a dedicated urban development delivery function.
2. Enhanced ability to attract board members and staff with the required expertise.
3. Self-funding structure could avoid / limit impacts on ratepayers.
4. Ability to ring-fence financial risk and limit the liability of the Council.
5. Adaptability and speed of operation.

#### **FUNCTION AND RATIONALE**

The UDA would principally undertake the following four types of work:

1. Liaising directly with the development sector to encourage development.
2. Purchasing and assembling development parcels.
3. De-risking sites through activities such as land remediation, building demolition and upgrading infrastructure connections.

4. Procuring and managing private partners to deliver developments.

The advantage this has over a passive regulatory approach (i.e. controlling development exclusively through the district plan) is that they give Council (through the UDA) direct control over development outcomes where it choose to intervene. Because it would not be possible or desirable to be involved in all development in the city UDAs tend to focus projects and sites of strategic importance which have “catalyst” or “knock on” effects in the local property market. There are numerous examples from around the world (e.g. Australia, Canada) where a dollar spent by the UDA has returned several dollars in private investment.

The set of activities list above is inherently riskier than the traditionally passive, regulatory focused roles Council undertakes. The risks are:

- financial – through active involvement in the property market;
- contractual – through procurement of private development partners;
- loss of control and scope creep – through placing delivery of the function at arms’ length;
- health and safety – projects involve physical development; and
- reputational – the function extends beyond Council’s traditional ambit and its every move will be closely watched.

For these reasons the following matters will need to be carefully considered:

- adoption of a specific risk management framework;
- reporting and accountability back to Council;
- the scale of intervention;
- the specific type of SPV used (we recommend CCO or CCTO).

Principal among the UDA’s activities would be attracting and facilitating development activity in the city (an advocacy role); disposing, purchasing and assembling land to create strategic development parcels; de-risking strategic land where existing encumbrances have presented a barrier to market activity; and procuring and managing development partners including leveraging land ownership to achieve outcomes with social or environmental benefits (e.g. affordable housing units, exemplar urban design, greenstar buildings). To maximise benefits the UDA’s activities should be aligned with Council’s activities, for example major infrastructure upgrades, to support development projects.

The primary barrier to realization of outcomes in the UGP is lack of supply of vacant, serviced and zoned (“shovel ready”) land in the city. Therefore assembling and readying shovel ready land in

strategic locations would be a core focus for the UDA. More broadly the proposal for a UDA outlined in this report is predicated on removing existing barriers to market delivery of Council's vision for the urban and economic development of the city. A core principle underpinning its activities would be "bridging the gap to the market and no more". This approach will ensure the UDA does not overreach itself financially, rather it would facilitate partnerships with and harness the private development sector.

In particular, based on our analysis of the issues, we see there being particular utility in the UDA operating in the following areas to help Council achieve its vision for the city:

1. **Unlock development potential** – remove barriers to development where that will enable achievement of formal Council policy on urban renewal, economic development, housing delivery and affordability (e.g. land assembly, infrastructure investment).
2. **Increase supply of affordable housing** – support delivery of new housing into the market at affordable price points.
3. **Deliver large-scale Council development projects** – deliver Council development projects above a specified value threshold that would otherwise be delivered from in-house.
4. **Catalyse the market through demonstration projects** – conceptualise and lead delivery of demonstration projects to catalyse the market in support of strategic urban development policy including earthquake prone building (EQPB) clusters and medium density housing.
5. **Oversee development of strategic Council property** – oversee development of underutilised Council land holdings located in strategic locations or which have strategic development potential. Any land involved would need to be specifically allocated to the Urban Development Agency by Council.
6. **Optimise development outcomes on strategic sites** – intervene to optimise strategic development opportunities (in terms of quality or scale) where there is a risk the market alone will not.

#### **KEY ORGANISATIONAL ELEMENTS**

Given its arms' length nature as a CCO or CCTO a number of checks and balances are proposed to ensure that the UDA delivers on the role and outcomes Council would envisage, these include:

- direct accountability to Council or a nominated Council committee;
- regular reporting and accountability mechanisms aligned with Council's annual and long-term plan process (and more regular – quarterly – reporting);

- an independent TAG group with a focus on development outcomes which vets individual projects and provides input into development design and configuration;
- an independent board with relevant, specialised skills; and
- nimble organisational structure based on a small number of permanent staff and use of contractors to give greater control of overheads given the lumpy nature of development projects.

#### **NEXT STEPS**

Establishing a UDA would represent a significant decision for Council, but without it, or something akin to it, Council's role in urban development will remain passive and regulatory in nature. Experience since 2006, when Council began taking a strategic, planned approach, is that this and regulatory and passive role has not delivered the outcomes sought as much as could have been achieved by a more proactive approach. Based on certain assumptions about Council decision making we propose the following process for establishment of the UDA:

1. Seek Council approval to consult on the establishment of the UDA through the 2016-17 annual plan process.
2. Consider submissions received on the UDA proposal through the 2016-17 annual plan process. An in-principle decision to establish the UDA could be made following this stage
3. Seek Council approval for funding to operationalise the UDA on 1 July 2017 through the 2017-18 annual plan process.

## **1. INTRODUCTION**

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### **1.1 PREAMBLE**

This business case supports the establishment of a Council-led urban development agency (UDA). The UDA would be a council-controlled organisation (CCO) or council-controlled trading organisation (CCTO) to enable Council to effectively participate in the local property market and partner with private developers to deliver catalyst projects, Council facilities and achieve broad-scale urban regeneration.

### **1.2 BACKGROUND**

Councillors have asked officers to report on the merits of establishing a UDA to assist delivery of development consistent with the urban growth plan (UGP) and major projects. Council currently plays a passive - primarily regulatory - role in city development which has limitations in terms of delivering the UGP vision. To address this shortcoming the UDA could play an active role in the property market by undertaking activities such as assembling land in key locations and partnering with private developers to undertake and control "catalyst" developments (for example redevelopment of earthquake prone building (EQPB) clusters). Councillors were given a preliminary briefing in November 2015 where officers presented eight broad principles for a UDA as follows:

1. Supports Council's urban development and urban growth initiatives.
2. Operates with clear terms of reference and is accountable to Council.
3. Bridges the gap to the market and no more.
4. Operates commercially at arms' length from Council.
5. Self-funding (over time).
6. Is agile and able to scale up and down quickly in response to workflow.
7. Is independent of local property interests.
8. Operates within risk parameters established by Council.

Councillors were generally comfortable with the broad framework these principles establish and officers have prepared this business case and proposal for a UDA with them in mind.

Council previously had a UDA (Wellington Waterfront Limited / WWL) responsible for overseeing the development of Council-owned land in Lambton Harbour consistent with Council's vision for that area (the Wellington Waterfront Framework).

### 1.3 CONSULTATION AND RESEARCH

Recent officer advice and the content of this report are underpinned by a programme of research and consultation. Consultation has been undertaken with Auckland Council (AC); Panuku (AC's UDA); Christchurch City Council (CCC); Regenerate Christchurch (a joint Council and Crown UDA); the Property Council; the Bank of New Zealand; and a full range of internal staff. This report draws directly on findings from these investigations. Specialist legal and tax advice has also been obtained to ensure the recommended approach is lawful and within prudent risk parameters, though further advice is being sought to determine whether a CCO or CCTO is the best special purpose vehicle (SPV).

## 2. WHAT URBAN DEVELOPMENT AGENCIES DO

UDAs are used widely around the world to intervene in the private property market to make land available for urban renewal, housing and local economic development projects. The exact scope of activities varies according to the problem and local political structure but is directed to a common set of development barriers like land fragmentation and urban decay that the market alone cannot overcome. In such cases UDAs intervene to remove the barriers and allow desirable development to occur. The risk spectrum below represents the types of activities UDAs are typically involved in:

|   |
|---|
| <b>LOW RISK</b>                                   |
| DEVELOPMENT ADVOCACY                              |
| PROPERTY MANAGEMENT AND DISPOSAL                  |
| PACKAGING AND MARKETING DEVELOPMENT OPPORTUNITIES |
| PROCURING AND MANAGING DEVELOPMENT PARTNERS       |
| ACQUIRING AND ASSEMBLING DEVELOPMENT PARCELS      |
| <b>HIGH RISK</b>                                  |

The advantage this suite of tools has over a passive regulatory approach (i.e. controlling development exclusively through the district plan) is that they give public bodies (through their UDA) direct control over development outcomes. Because it would not be possible or desirable to be involved in all development in a city UDAs tend to focus projects and sites of strategic importance which have "catalyst" or "knock on" effects in the local property market. There are numerous examples from around the world (e.g. Australia, Canada) where a dollar spent by the UDA has returned several dollars in private investment.

While there are risks associated with taking a more proactive role in urban development in the city, there are also risks associated with not doing so. The primary risk is one of lost opportunity in terms of transforming Wellington consistent with Council's economic growth and urban development goals. There is also a risk over the medium-term that left to its own devices the development sector will not be able to bring enough new housing product to market given the identified land scarcity and fragmentation issues in the city and this may affect housing affordability in the future.



### Melbourne Docklands

*Melbourne Docklands is a major urban regeneration project led by the Victorian State Government's UDA Places Victoria (formerly VicUrban).*

Source: [www.marevellephotography.com.au](http://www.marevellephotography.com.au)

We note up front that in the New Zealand context, a mixed-economy with a thriving private sector, there is little benefit in local authorities or UDAs directly undertaking development (construction). It is preferable to procure private development partners to manage and undertake this aspect of the process.

### **3. WELLINGTON CITY: PROBLEM DEFINITION AND BENEFITS OF ACTING**

#### **3.1 LAND SCARCITY**

One of the biggest impediments to growth in Wellington City is a lack of well located, large land holdings to accommodate new businesses and residential development. Most new development occurs in mature "brownfield" areas which are often constrained by existing uses, fragmented ownership and other complexities arising from over one hundred years of urban use and development including clusters of earthquake prone buildings in Te Aro. Collectively these issues have a material impact on the ability of the city to renew and redevelop because they make projects risky and uneconomic. In Wellington this is exacerbated by the scale and balance sheets of some local developers<sup>1</sup>.

#### **3.2 GAP BETWEEN COUNCIL'S VISION AND THE PRIVATE DEVELOPMENT SECTOR**

The UGP is Council's integrated transport and land use vision for the city. It identifies "transformational growth areas" such as Adelaide Road and Kent and Cambridge Terraces as well as individual economic development / catalyst projects such as a new convention centre and concert venue. The transformational growth areas are large, mostly located in brownfield locations, and experience the complexities described in [Section 3.1](#) above.

The projects identified in the UGP will have city-wide benefits but are generally not viable projects using traditional direct-return measurements. This represents a gap between the development market and the UGP vision which will not be bridged without the type of public sector intervention provided by UDAs.

Council has also entered into a partnership agreement with the Crown (the Wellington Housing Accord / WHA) to deliver more houses to market to help address housing affordability concerns in the city. There is potential to unlock strategic sites and deliver housing at-scale through the type of public sector intervention provided by UDAs.

#### **3.3 CORE COUNCIL FUNCTIONS NOT GEARED TO PARTNER WITH THE PRIVATE SECTOR**

Council is regularly approached by third parties to buy and sell land and partner in development projects. In recent months Council has been approached to buy large, strategic land holdings; engage in land swaps to create larger development parcels; and partner in the delivery of new

<sup>1</sup> This combined with modest city-growth encourages low risk "easy in, easy out" development projects.

social housing complexes. Our research indicates the approaches are increasing as a result of diminishing development opportunities in the city and more collaborative post-GFC development behaviour. Council is not optimally geared to respond to these opportunities because its' existing structure (and its legislative function as defined in the Local Government Act / LGA) is geared towards traditionally passive regulatory and property activities. Over time Council's practice is to form temporary project teams in response to these approaches – typically by appointing part-time secondees from core parts of the Council business (e.g. planning, property). Whilst officers have made admirable efforts they themselves advise it is difficult to do justice to these projects on a part-time basis given the speed at which partners generally require them to move and the demands they place on Council. A dedicated function which better responds to (and proactively identifies) partnership opportunities could assist in bringing land to market and delivering the outcomes and projects set out in the UGP.

### **3.4 DELIVERING MAJOR PROJECTS BETTER PURSUED BY A DEDICATED COMMERCIAL FUNCTION**

In the current triennium Council is considering funding, delivery and partnership of major projects. The combined value of these projects is substantially larger than Council has considered in previous years and will come with commensurate levels of financial risk and partnership risk. An Urban Development Agency with its commercial skill-set is well suited to the delivery of large projects that have a development component (though not the policy considerations underpinning them). Delivering major projects through a UDA like that proposed presents opportunities to limit Council's financial liability by placing the project at arms' length. For these reasons projects above a specified value ceiling or with certain risk characteristics could be better delivered by an SPV (staffed with appropriate commercial expertise) in terms of mitigating risks<sup>2</sup>.

### **3.5 LOCAL DEVELOPMENT MARKET DELIVERING TRADITIONAL PRODUCTS**

For many years Council has provided advocacy, policy and regulatory leadership on the issues of housing intensification, urban design and development sustainability (e.g. green buildings). Whilst the approach taken to date has achieved some notable successes a proportion of the local development sector continues to provide relatively traditional products to the market. By taking a more active approach in the market Council, through a UDA, could catalyse improved market outcomes. Specific opportunities include:

- Delivery of quality medium density housing around key suburban centres (e.g.

<sup>2</sup> It is not envisaged that this function would deliver Council infrastructure / infrastructure renewal projects.

Johnsonville, Kilbirnie).

- Exemplar anchor projects (e.g. urban design, green star buildings) in the central city with potential to generate a positive “halo effect” on surrounding sites.
- Group strengthening of earthquake prone buildings in the Cuba Street area.

Such projects would be undertaken strategically on a demonstration or catalyst basis only and would need to be carefully evaluated for their “knock on” benefits.



**Currie Barracks**

*Currie Barracks is a mixed-use development in Calgary, Canada with greenstar characteristics that was delivered by the Canadian Government's UDA (the Canada Lands Company)*

Source: [www.clc.ca](http://www.clc.ca)

## 4. WHAT DEVELOPMENT WELLINGTON WOULD DO

To address the issues set out in [Section 4](#) above we have identified some targeted activity areas which Council is not currently active in or where its' existing activities could be tangibly increased. These are set out below.

### 4.1 ACTIONS

#### 4.1.1 Development attraction and advocacy

Council is involved in broader business and investment attraction but not specifically in the area of land development to support the UGP. This is a basic, low risk activity that could involve the following:

- More actively promoting the outcomes sought in the UGP to build market intelligence and support.
- Identifying prime development sites (on Council and non-Council owned land) and promoting desirable development outcomes.
- Demystifying and assisting major developers through Council's regulatory processes (primarily the district plan).

#### 4.1.2 Land purchase, disposal and assembly

By more actively transacting in the local land market Council could increase the volume of attractive, viable development parcels coming to market. This would include the purchase and exchange of land to create larger, consolidated development parcels. Where Council became the owner of such sites it could simply sell the parcel on the open market or contract the purchaser to deliver specific development outcomes such as a certain number of affordable dwelling units or urban design criteria (also see [Section 3.5](#)). Leveraging land ownership in this way is the most direct and powerful way that Council can influence development outcomes. Transacting actively in the market carries financial risk, particularly when buying land (see [Section 5.1](#)).

Currently there are varying legal interpretations about whether local authorities or associated entities can compulsorily acquire land under the Public Works Act (PWA) to facilitate the types of projects referred to in this report. Given this doubt it would be prudent to assume these powers are not available. Such powers would significantly enhance Council's ability to purchase land at reasonable value and in a timely fashion and central government is considering the benefits of legislative amendment to empower local authorities in this way. We recommend that Council

actively support such changes but note without such powers there is still a role for Council or an associated entity to intervene in the property and development market.

#### 4.1.3 De-risking development sites

As noted in [Section 4.1](#) Wellington's land scarcity is exacerbated by the complexities of redeveloping brownfield sites with development constraints. Examples include:

| Physical constraints  | Legal constraints   |
|---|---|
| <ul style="list-style-type: none"> <li>➤ Contaminated soils</li> <li>➤ Leaky or earthquake prone buildings</li> <li>➤ Poorly aligned access and servicing</li> <li>➤ Lack of infrastructure capacity</li> </ul> | <ul style="list-style-type: none"> <li>➤ Existing (especially long-term) leases</li> <li>➤ District plan rules</li> <li>➤ Encumbrances and easements registered on the title</li> </ul> |

Individually or collectively these issues can make development projects unfeasible or simply elevate project risk beyond a level private developers will respond to. This is a particular issue for Wellington where the development constraints can be acute and the private development sector lacks the scale and capability to "ride out" the associated delays and costs.

Where sites with potential to contribute to Council's strategic vision for the city are constrained Council could play a role in remediating them so that the private market will step back in and redevelop the site. Council's larger balance sheet and "city-wide" perspective would provide the means and rationale for intervention. Any uplift in property value as a result of Council's activities could be captured at the time of sale to recover some or all of the costs.

#### 4.1.4 Procuring and managing development partners

Where public bodies and UDAs are involved in development it is very rare that they are directly involved in development or construction. The traditional model is to procure private sector partners with established skills, processes and disciplines. This has three main advantages:

- It enables the Council or UDA to hire the best skills in a flexible "as required" manner.
- It allows Council to transfer risk to the private partner (who in turn realises a profit).
- It reinforces the intention to enable rather than compete with the private market.

We recommend that this practice be followed for any Council-led development function or UDA but note it is also important to procure and manage private partners carefully to ensure maximum benefit to Council. Competitive procurement processes should be followed as a general rule to

maximise transparency and benefit to Council. Effective procurement requires a specialised skill set. In appropriate circumstances UDA ownership of land should be leveraged through the procurement process to commit the selected partner to the delivery of specific outcomes / success factors.

#### 4.2 PROJECTS

Based on projects identified in the UGP and current pressures and opportunities we have identified five distinct types of projects that a UDA could be involved in. These are set out below. It is important to point out that every project considered by Council / the UDA will present its own opportunities, pressure points and cost structures and so there is no "one size fits all" way of operating. For these reasons it would be essential that the UDA develop business cases for every project being evaluated. Over time this business model approach could become sophisticated, efficient and standardised. The examples set out below are simply to demonstrate, in broad terms, the types of opportunities that exist for a UDA.

##### 4.2.1 Strategic site acquisition and development

Because of the scarcity of large, well located development sites in the city Council actively monitors the upcoming availability of strategically located brownfield sites. In recent years examples have included school closures, the former defense land at Shelly Bay and a brownfield site at Rugby Street consolidated by Foodstuffs. In a land constrained city with steady demand such sites take on greater strategic importance than elsewhere. In particular they present an opportunity for Council to intervene to optimise outcomes rather than "leave it to the market".

To demonstrate what role a UDA could play in this space we have chosen a hypothetical example of a school site. A review of school sites in suburban Wellington indicates that these vary in size but are often around two hectares in area. Land owned by the Ministry of Education for educational purposes is typically complicated by the Public Works Act (PWA) and Treaty of Waitangi settlements, meaning it cannot be sold on the open market without fulfilling other disposal obligations. These matters are explored separately in [Section 5.3](#) below.

Further assuming that a site became available in an established suburb like Miramar or Karori a UDA could buy the land at fair market value and oversee its redevelopment in a mixture of housing and community facilities. In many suburbs of Wellington this would present a rare opportunity to deliver a large number of new dwellings to the market and improve the provision of local services (e.g. community centre, recreation / sports facilities). Although such opportunities would typically also attract vigorous market responses these would typically not deliver the same sort of

community benefits. Our analysis suggests market driven outcomes in most suburbs at the current time would be a small retirement village or lower density residential development.

However, on a two hectare site it would be possible to develop 50 or more medium density residential units (100m<sup>2</sup> townhouses) and provide a new community centre and small neighbourhood park. This could meet numerous Council housing objectives; exhibit exemplar urban design; and improved social outcomes.

This scenario could be delivered through a UDA in partnership with a private developer. Initial analysis (based on existing suburban land prices, construction costs and a deal structured in a way that would attract a reputable development partner) suggests it is possible for the developer to achieve a feasible profit margin whilst delivering Council the community elements described above. The net financial result for Council / the UDA could be neutral.

As the scenario demonstrates, to achieve these outcomes the UDA would need to take a direct interest (ownership) in the land and contract a development partner. Both actions involve taking on greater liability and risk than simply "leaving it to the market". On the flipside, as demonstrated by the hypothetical scenario, through its involvement a UDA can realise a higher development yield (and associated rating base), better urban design outcomes, delivery of community facilities and a direct financial return.

#### **4.2.2 Medium-Density Housing Exemplars**

We have chosen this example because a medium density housing exemplar projects in Kilbirnie or Johnsonville has been raised at various times as a means of supporting the medium density district plan zonings in these locations. The purpose of exemplar projects would be to demonstrate how good quality medium density housing can be delivered in Council's preferred medium density housing locations to catalyse the private market and achieve broader community buy into the concept of medium-density suburban housing.

Based on existing lot sizes and the likelihood of assembling contiguous sites we have developed a hypothetical scenario of a 2,000m<sup>2</sup> site (three existing, standard sites) being redeveloped into a compliant multi-unit complex in the MDRA<sup>23</sup> zone of Johnsonville. Based on existing site sizes and configuration a UDA would likely need to acquire three contiguous sites at a combined value of around \$1.25m (a premium over market value in order to bring them together quickly). The UDA could then competitively procure a development partner and transfer the land at cost to that partner to allow it to deliver the project (demolition and construction).

<sup>3</sup> Medium Density Residential Area 2 – the lower density of two medium density housing zones in Johnsonville



### Medium density housing concept

Source: <http://wellington.govt.nz/your-council/projects/housing-choice-and-supply/karori/karori-as-a-medium-density-area>

Based on the district plan rules the site could be developed into a 12-unit complex of superior quality that would meet the definition of "exemplar" whilst achieving an acceptable profit margin that would attract a reputable private development partner. The net result for Council would be the delivery of an exemplar development and the associated rates revenue. The direct financial result to Council would be cost neutral. A development of greater scale would be required to generate a stronger margin including any direct revenue to Council (or transfer of units into Council ownership at no cost).

### 4.2.3 Earthquake prone building cluster redevelopment

There are well documented issues associated with earthquake prone buildings (EQPB) in the city, particularly in the Te Aro area - Cuba Street being the most prominent example. There are examples of solitary EQPBs and clusters which are constrained for redevelopment due to the financial circumstances of their owners (EQPBs are disproportionately owned by "mum and dad" investors). Unfortunately the financial issues are often circular, with owners unable to insure and tenant buildings because of their earthquake prone status, thereby affecting their ability to raise capital to strengthen or redevelop their property.

In some cases the issues are complicated by buildings having heritage status (in the district plan, with Heritage New Zealand or both). Further, because of the substantial clustering of EQPBs some owners will choose not to remedy their buildings because their adjoining owners will not or cannot

(damage to one building by an adjoining building in an earthquake is known colloquially as "pounding").

Some clusters of EQPBs, notably in the Cuba Street area, are strategically located for redevelopment but because of the fragmented ownership buildings and the issues described above co-ordinated redevelopment will not occur in a timely fashion. Over time, and there are already clear signs of this occurring, this results in ingrained urban decay which further resists reinvestment. Council has had a long-standing and successful policy of seeking to protect heritage, and is actively seeking to restore these clusters of heritage buildings. Breaking this cycle of decline in a timely fashion is dependent on some form of public intervention or co-ordination role. Council would seek to see this done in such a way as to strengthen and restore heritage buildings.

Council is already playing a role in breaking these cycles but there could also be a role for a UDA in purchasing and assembling contiguous sites, demolishing buildings and creating a development brief or masterplan for its redevelopment. Such projects may realise a net financial loss to Council / the UDA but could still be undertaken for broader public good purposes. The benefits would include:

- Removal of redevelopment barriers.
- Potential "halo" effects on adjoining and adjacent buildings.
- Seeking to retain, strengthen and restore earthquake prone heritage buildings at risk of demolition.
- Release of new development land in a strategic location supporting Council's urban policy.
- Opportunity to deliver exemplar / catalyst projects in a highly visible location.

These benefits would need to be quantified and broadly considered before the UDA proceeded with such projects. The risks of involvement in such projects would include:

- Risks associated with purchasing "tarnished" assets.
- Risks of the project not proceeding and being left with assets without significant value.
- Risks of EQPB owners perceiving the UDA / Council as "bail-out" entities.

The risk of being perceived as a bail-out entity is particularly important. It would be important to ensure that the UDA's involvement in such projects was based exclusively on the basis of broader public good. It would also be important to ensure the UDA's involvement remained property based but was well aligned with other Council initiatives on EQPB issues.



Cuba Mall

#### 4.2.4 Large-scale urban renewal projects

The UGP includes major urban renewal projects at Adelaide Road and Kent & Cambridge Terraces. Other large scale renewal projects are also being discussed within Council and may become part of the formal work programme in due course. For Adelaide Road there is a clear vision for the development underpinned by the 2008 Adelaide Road Framework. Kent & Cambridge Terraces are currently dominated by peripheral service and retail activities (including prestige car yards) and Adelaide Road is dominated by peripheral service and semi-industrial activities underlain by large property parcels. Both areas are strategically located close to the central city and present opportunities for high-quality mixed-use (residential and commercial) development.

Officer and consultant analysis has concluded that without direct Council intervention neither area will transition from existing uses to the desired vision in a timely manner that aligns with Council's strategic goals. The reasons for this are many and varied but with root causes being existing fragmentation of land and its ownership and numerous established businesses. Council's intervention would need to include:

- Direct purchase of property.
- Masterplanning.
- Demolition and remediation to prepare sites for development.
- Co-ordinated reinvestment in infrastructure and public realm.
- Procurement and management of private development partners.

Using Adelaide Road as an example we have identified the high-level of Council commitment required to deliver major urban renewal projects. The Adelaide Road study area is approximately 5ha in area; includes over 100 individual property parcels; and it would cost in excess of \$100m to purchase all of the property within this area. Compulsory purchasing powers would be essential to assemble all of the land and redevelopment would need to be staged to align with market demand and avoid over-exposure of Council's finances at any given point in time. Further complications would arise in terms of ensuring ongoing ease of access along Adelaide Road during redevelopment and managing the impact of losing existing businesses from the area.

Under existing market conditions the project would take in the order of 10-20 years to deliver. This would need to be acknowledged up front to ensure a robust, long-term commitment is made. It will also need to be understood that market conditions will fluctuate throughout the delivery period so that short-term blips are not used to justify abandonment. Another key mechanism for offsetting Council's risk should be to procure private development partners to manage delivery of the individual development stages. To attract partners each stage will need to be presented to the market as financially viable propositions but in turn this will limit Council's capital involvement and risk. These projects are inherently complex and multi-faceted and a dedicated vehicle like a UDA would be essential deliver them. We are not aware of projects of this scale being successfully delivered from "in-house" at a local authority.

Across such large areas and with such high expectations the risks to Council (or UDA) are many and substantial. They include:

- Political risks associated with such a dramatic and cash-intensive intervention.
- Purchasing and holding such a large property portfolio in one part of the city.
- Entering into development agreements with private sector partners.
- Market downturn and natural hazard risks which could write off property value and threaten project viability.
- Lost appetite and political support over the extended project timeframes.
- Inability to sustain funding / the financial model over the extended project timeframes.
- Managing the local impact of works in terms of business continuity and neighbourhood amenity.
- Effective co-ordination with Council proper over the required infrastructure upgrades and timing of these to support the development.

In addition to the above we have identified that such projects, given the large amount of land

involved, are only possible with legislative change that confers compulsory acquisition powers upon Council. Without them the land cannot be brought into Council's direct control in a timely or cost effective manner. At this time no such powers exist, but the Productivity Commission has recommended that it be investigated.

Such projects will need to be the subject of detailed business cases and it is expected that each project will require its own model and expectations around the net financial result for the UDA and the community and social infrastructure delivered. As a general rule large financial returns should not be expected though the UDA should seek to realise returns on the value uplift in property it creates through land remediation, masterplanning and development certainty.



#### Adelaide Road Framework concept

Source: <http://wellington.govt.nz/your-council/plans-policies-and-bylaws/policies/adelaide-road-framework>

#### 4.2.5 Unsolicited bids

Council is under regular pressure from third parties (primarily private developers) to partner in development projects or property transactions. We are aware of the following recent approaches:

- Proposal to jointly develop refugee housing in Te Aro.
- Proposal to jointly deliver a medium density housing project in Johnsonville.
- Proposal for Council contribution to redevelopment of Shelly Bay.
- Proposals to partner with Council in delivery of new social (city) housing.

Generally the approaching party comes to Council with a value proposition (usually land ownership

or development capability) and sometimes this requires careful consideration by Council before deciding to pursue the opportunity or not.

These sorts of approaches are known as “unsolicited bids” and current trends indicate Council will continue to come under pressure from third parties in this way. A mandated development function, preferably in the form of an arms’ length entity would be more effective at responding. In particular it would ensure consistency in terms of how Council responds; protect core business units from the associated resource pressures; and could develop uniform methodologies for assessing the risks and benefits of each approach.

See [Section 3.3](#) for more background on these matters.

#### **4.3 LEGISLATIVE CONSTRAINTS AND CONSIDERATIONS**

We believe there is a role for a UDA under the current legislative settings in New Zealand pertaining to property, planning and local government (the statutes of primary relevance being the RMA, LGA and PWA). Currently any UDA would have access to some of the empowering elements of the LGA but would be treated like any other under the RMA and would not have access to the compulsory purchasing powers of the PWA (see [Section 4.1.2](#)). Under these settings we believe a UDA could still be effective at effecting change at a small-medium scale or where a minimal number of property parcels are concerned (and it is notable that AC established Panuku under these settings). However, complex and large scale urban renewal projects like those described in [Section 4.2.4](#) would not be feasible with compulsory purchasing powers – simply because without them it would not be possible to assemble the land in a timely or cost effective manner.

##### **4.3.1 Compulsory purchasing powers**

As noted above larger scale change or unlocking more complex urban development problems will require compulsory purchasing powers and to this end we suggest that Council remain engaged in existing legislative reform on urban development matters because this is hinting at conferring such powers on local authorities for urban regeneration purposes. A recent report by the Productivity Commission (“Using Land for Housing”) and media statements by the Property Council are supportive of such change and we understand AC and CCC are directly engaged with the Crown on such matters. Joining them to form a tripartite for further engagement may be beneficial.

#### **4.3.2 Offer back considerations**

An issue related to compulsory purchase is "offer back" under the PWA. Where land has been historically taken under compulsion (and is in the ownership of central or local government) the PWA prescribes a sequence of steps that must be followed when that land is disposed. Before such land can be sold on the open market it must first be offered to other crown bodies, the relevant local authority, local Iwi and former owners. This point is specifically noted because it would apply to any Council owned land originally taken under compulsion and should therefore be considered before any Council land is transferred and/or developed by a UDA.

#### **4.3.3 Special planning powers**

Due principally to housing affordability concerns we understand government is considering the benefits special planning powers could provide in terms of development certainty and reducing development costs. In particular we understand this relates to lessons from HASHAA which could be incorporated into future amendment to the Resource Management Act (RMA). If such powers were to become available to Council in the future they could be used to assist the effectiveness of a UDA through close co-ordination (the special planning powers would be held by Council rather than the UDA). We recommend that Council participate actively in discussions with government on this matter given the potential benefits. We also note the HASHAA is already active in Wellington by virtue of the WHA and can be used as a tool to immediately create new development potential and value uplift. We would expect any planning powers to be consistent with the existing District Plan e.g. not to override heritage or open space designation.

## 5. COST BENEFIT ANALYSIS

The rationale and benefits of intervention (and forming a UDA) are set out in [Section 3](#). These must be considered against the risks and disadvantages. Broadly speaking becoming an active player in the local property and land development market will increase Council's risk profile (whilst noting the potential benefits are also commensurately increased). These risks rise commensurate with the level of intervention. The risks are outlined below. The risks of not acting are also addressed. A risk management framework, to manage the risks identified, is set out in [Section 6.6](#).

It is also important to note that Council has a number of projects in the pipeline, which regardless of the type of function formed, will see it involved in development partnerships and land acquisition (e.g. convention centre/movie museum). In this regard risks will remain to Council even in the absence of a UDA.

### 5.1 RISKS OF ACTING

#### 5.1.1 Financial Risk

Deep involvement in the property and development market will expose Council to greater financial costs and risks. These include (but are not limited to):

- Purchasing land which incurs net holding costs or loses market value.
- Taking direct financial interests in development projects where the private partner fails to deliver or there is market downturn.
- Paying market premiums for land when it is known that Council (or an associated entity) is the purchaser.
- Council failing to deliver its agreed contribution meaning its own return on investment is compromised.

In each of the scenarios listed above Council may be left incurring losses (paper losses or actual losses). Depending on the scale of loss a spectrum of negative scenarios may arise from minor project delays through to aborted projects and realisation of substantial losses.

#### 5.1.2 Contractual Risk

In order to deliver the types of projects identified Council will need to enter into partnership agreements with private developers. This will expose Council to associated contractual risks. These include (but are not limited to):

- The development partner failing to deliver on its agreed contribution.
- Council failing to deliver on its agreed contribution and associated risks of the partner seeking costs or damages.

Generally speaking the private partner will be the sole delivery agent (i.e. responsible for delivering all physical works) and therefore Council will need to carefully choose its partners to ensure that projects are delivered as agreed. Every agreement will be different but private partners will be expected to deliver a certain overall development outcome; specific development elements (e.g. exemplar design elements, sustainability features); and in some cases amenities and facilities for transfer into Council ownership (e.g. reserves). Failure by the partner to deliver some or all of the agreed project outcomes will fundamentally call into question Council's involvement.

In other cases a UDA may make financial commitments of its own to a project, for example:

- Completing capital works or public realm projects to support developments.
- Waiving or reducing development contributions.

Where the private partner does not deliver its agreed contribution, or does not do so in a timely fashion, there will inevitably be adverse cost and reputational impacts to Council. The greater the commitment made by Council the bigger those impacts will be. Given the type of projects and activities proposed failure to manage these risks financial and reputational impacts on Council could be significant.

Where the partner perceives that Council has not executed its responsibilities in line with the agreement it may seek costs or damages. It is therefore important that Council sets itself up to move quickly and confidentially as commercial property and development agreements require. This is a key reason we recommend the formation of a UDA as a CCO or CCTO.

### 5.1.3 Loss of control and scope creep

Ultimately this business case recommends the formation of an arms' length UDA, being a CCO or CCTO. On balance the benefits of an arms' length entity significantly outweigh any disadvantages, but it is still important to outline what the disadvantages are. To ensure the UDA functions effectively Council will need to empower it with an envelope of responsibilities that it can execute without referring back to Council for approval. Whilst these will need to be executed consistent with a constitution and statement of intent established and agreed by Council there is a risk that the UDA's actual decision making and execution of responsibilities will not always align with Council's expectations. As with any entity there is also a risk of scope creep. These are risks that Council can directly mitigate by setting the UDA up with an appropriate constitution, governance

framework, board of directors, statement of intent and reporting and accountability mechanisms. These matters are addressed fully in [Section 6](#).

#### **5.1.4 Reputational Risk**

The establishment of a UDA in Wellington may not be supported by all sectors of the community. We anticipate this coming from three main perspectives:

- Parties who do not want to see Council funds put at risk.
- Parties who do not see it as Council's role to intervene in the property and development market.
- Parties who see partnership with the development sector as being to the detriment of other sectors of the community.

Council should expect these views to emerge if it decides to proceed with establishing a UDA. Such views will chorus if some of the identified risks materialise. Forming an arms' length entity will displace some of the direct reputational risks on Council, but ultimately there will be reputational damage to Council itself if projects are mismanaged.

#### **5.1.5 Health and Safety Risk**

This risk relates to personal injury or health impact (staff and contractors), and any health or safety incident involving the public. This risk can be managed by the UDA's policies and practices to ensure the health and safety of its workforce, contractors and the public, for example by good planning for hazards and risks, good processes, and training. The UDA's risk is mitigated because it will not directly undertake construction. The UDA would require potential construction partners to demonstrate a good track record in health and safety, and put in place a sound health and safety plan.

#### **5.2 RISKS OF NOT ACTING**

Council is already committed to various urban development projects risks associated with activities like land acquisition and development partnerships will remain whether a UDA is established or not. However, it is accepted that the scale of Council involvement in urban development will necessarily increase with the formation of a UDA, and therefore the scale of risk would also increase.

The risks of not forming a dedicated, arms' length development function fall into two main

categories, being:

- Leaving Council to continue to facilitate development partnerships from "in-house", subject to existing structural constraints and constraints imposed by the LGA.
- Failing to deliver on desired urban development, housing and economic outcomes set out in key adopted policy documents (principally the UGP and WHA).

It is noticeable that Council is more actively partnering with the private sector currently than in the past. However, around urban development issues it is fundamentally still structured to deliver a traditionally passive local authority role. With almost ten years of experience to draw on it is apparent that the more transformative goals of the 2006 Urban Development Strategy (now mirrored in the UGP) cannot be achieved without a greater degree of intervention to guide and foster the market.

Drawing on the analysis in Section 3 there is a fundamental gap between the objectives of the UGP and the ability of the local development sector to deliver it. The primary issues relate to land scarcity; associated issues of land fragmentation and development constraints in already developed areas; and the limited capacity and capital in the local development sector to deliver transformational projects. We have concluded that a UDA can intervene strategically in the market to overcome this gap and deliver (through partnerships) a range of beneficial outcomes for the city.

If it is determined not to form a UDA and become a proactive player in the market we believe the primary risk is one of lost opportunity in terms of transforming Wellington consistent with Council's economic growth and urban development goals. There is also a risk over the medium-term that left to its own devices the development sector will not be able to bring enough new housing product to market given the identified land scarcity and fragmentation issues in the city, together with lack of development capacity. In turn this could result in significant increases in house prices within the city and leakage of prospective new residents to local authorities to the north (and potentially the region altogether).

### 5.3 OPTIONS

This section examines the merits of alternative organisational forms for delivering the development function. A report commissioned by Council in 2012<sup>4</sup> suggested a series of questions to aid local authorities in determining the best organisational form when a new service or entity is proposed. These include:

- What are the drivers for change from the status quo?

<sup>4</sup> Plimmer Consulting (2012). What Works? A report for Wellington City Council on getting the best from council-controlled organisations.

- What is the problem that the proposal seeks to address?
- Should the service be delivered by the Council?
- If yes, should it be delivered in-house or at arms' length?

The report also identifies key factors that should inform decision making on whether a service should be delivered from in-house or at arms' length, these are:

- The level of control required.
- Whether the activity is core to the governance role of the local authority.
- Whether as an arms' length entity more capable of attracting the skilled personnel required.
- Whether a commercial focus is important.
- Whether there should be a profit making motive.
- Whether there is reliance on Council-funding.
- Whether there is benefit in ring-fencing financial risk by using arms' length entity.

With regards to arms' length entities (CCOs and Council-Controlled Trading Organisations / CCTOs) the report identifies that these are preferable to in-house functions where the following factors apply:

- The activities objectives will not be subject to regular change.
- There is benefit in independence from Council proper.
- The function will be enduring / ongoing.
- There is an activity specific focus.
- The activities are dynamic.
- There is a commercial focus.
- The activity will represent a significant change or innovation from usual service.
- The activity will generate or rely on increased external funding.
- The activity will be self-funding or profit making.

These key aspects of the report have been taken into account in the evaluation of in-house and arms' length options below.

### 5.3.1 Status quo

Given the projects in the pipeline and issues facing the city we do not recommend that Council continue addressing these with the existing structure.

The primary benefit of the status quo is that it is embedded in the infrastructure of Council-proper, meaning that elected representatives and Council officers collectively retain total control of development activities.

Whilst officers are doing an admirable job of running urban development partnerships with the private sector there are significant limitations of doing this from within the existing structure, including the ability to operate confidentially and at pace; the lesser ability to attract board members and staff with commercial skills perception; the inability to ring-fence the commercial risk of activities / projects to limit Council's financial liability.

Our overall assessment is that the limitations associated with the status quo led directly to investigations into the benefits of a UDA and on this basis it is not regarded as an efficient means of addressing the urban development issues identified in [Section 3](#).

### 5.3.2 Increased in-house development function

An in-house development function with increased resourcing could represent an improvement on the status quo. However, the remaining limitations identified for the status quo in [Section 5.3.1](#) above would remain and for this reason it is not recommended.

### 5.3.3 Arm's length entity

The development activities identified in [Section 4](#) strongly indicate that an arm's length entity is preferable to in-house delivery for the following five reasons:

1. Enhanced ability to perform a mandated urban development delivery function.
2. Places individual developments at arms' length which gives developers greater certainty
3. Enhanced ability to attract board members and staff with the required expertise.
4. Self-funding structure could avoid / limit impacts on ratepayers.
5. Ability to ring-fence financial risk and limit the liability of the Council.

These are critical considerations and in our view each offers substantial benefits for delivering the development function envisaged.

On the flipside of the equation devolving the function to an arms' length entity does present risks

for Council in terms of losing direct control. However, in our view those risks are outweighed by the benefits and in any case can be fully mitigated through an appropriate constitution, governance framework, board of directors, statement of intent and reporting and accountability mechanisms (see [Section 6.1.3](#)).

The options for an arms' length organisation are a CCO or CCTO. The LGA sets out the governance and accountability requirements for both. CCTOs trade for the purpose of making a profit. At first glance this does not fit with the foundation principle of operating for public good purposes but requires more careful consideration in light of the desire to make the UDA self-funding (which will require profits to be made in some projects). Overall, the foundation principles, issues and activities outlined in earlier sections of this report require an entity with a mixed commercial and public good focus and this would be best performed by a CCO or CCTO. Which option is best requires further investigation into tax matters.

CCO and CCTOs require the Council or group of councils to have a controlling share (more than 50%) and may take the form of a company, trust, incorporated society, incorporated charitable trust or joint venture. Overall we recommend that the UDA be formed as a CCO or CCTO (and a company), with Council as the sole shareholder. This is expanded upon in [Section 6](#).

#### **5.3.4 Fully devolved entity**

We have not fully investigated entity structures which are fully devolved from Council (e.g. private company structure). This is because the function would have a public good focus established by Council and needs to be accountable to Council to ensure that focus is not lost.

## 6. PROPOSED MODEL

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### 6.1 RECOMMENDED OPTION - COUNCIL CONTROLLED ORGANISATION OR COUNCIL CONTROLLED TRADING ORGANISATION (CCTO)

The recommended option to deliver the actions described in [Section 4.1](#) is a CCO or CCTO (and company).

### 6.2 RELATIONSHIP TO COUNCIL

The UDA would be fully owned by Wellington City Council (100%). It could also be set up to allow transfer of shares to neighbouring local authorities or future local authority entities (to respond to partnership opportunities or potential amalgamation). The UDA would operate at arms' length from Council but would be subject to a robust framework of reporting and accountability (see [Section 6.4](#)).

### 6.3 ORGANISATIONAL GOVERNANCE AND STRUCTURE

#### 6.3.1 UDA Board

The UDA would have its own board of independent directors. In addition, to avoid conflicts of interest, board members would not have substantial property interests in Wellington City. We propose that the board comprise six members (inclusive of the chair), at least one with background in each of the following areas:

- commercial property or property development;
- property or commercial law;
- banking, finance or accounting;
- urban design or architecture;
- urban planning / resource management; and
- local government.

The board would be appointed by Council on a triennial basis in alignment with LTP decision making.

### **6.3.2 UDA Staff**

The UDA would have a small core staff as follows:

- Chief Executive Officer / General Manager;
- Finance Manager;
- Development Manager;
- Procurement Manager;
- Iwi Liaison Officer;
- Communications / Marketing Manager;
- Administration Officer.

This core group of staff would be supported by a panel of professional contractors able to provide professional support as needed for technical project teams. This panel would need to cover project management; urban design / architecture; legal services; town planning / resource management; civil engineering; traffic engineering; and development services. Outsourcing these services would enable the UDA to financially manage its inevitable “lumpy” project workload without carrying a large, ongoing staff overhead.

### **6.3.3 UDA Technical Advisory Group**

We also recommend that the UDA has a part-time technical advisory group (TAG) similar to that which supported WWL. However, given that the UDA’s project portfolio would be more varied and complex we recommend that its TAG have a more varied technical skillset (i.e. not exclusively urban design). We recommend that it comprise members with the following skillsets:

- urban design or architecture;
- landscape architecture;
- town planning / resource management;
- civil engineering; and
- traffic engineering.

To ensure sufficient availability of TAG members and to avoid conflicts of interest it may be necessary to form a panel of preferred suppliers from which the TAG can be drawn on a project by project basis. The purpose of the TAG would be to provide independent advice to the UDA board, chief executive and project teams at critical points during projects. Generally this would not be

detailed technical advice but rather high-level feedback and direction that would be considered and actioned by the UDA itself.

#### 6.4 ACCOUNTABILITY AND REPORTING FRAMEWORKS

As the UDA will be carrying out its development activities for the primary purpose of improving urban development outcomes in the city and for Council it is important to establish accountability and reporting frameworks that ensure the UDA does so in the way Council wishes. This needs to be considered alongside the benefits of allowing the UDA to undertake its activities at arms' length to realise the benefits of that approach. The frameworks proposed below balance these considerations.

##### 6.4.1 Accountability Framework

In developing the accountability framework below we have drawn on the recent experience of establishing CCOs in Auckland. The framework adopted by AC was endorsed by the Auditor General<sup>5</sup>. The components of the accountability framework proposed for the UDA are:

- **Constitution** – this would be a static element (rarely changed) covering key institutional arrangements such as the UDA's purpose, its relationship to Council and how the board operates and reports. The constitution would be developed and agreed by Council.
- **Long Term Plan** – Council can directly influence the UDA through its' triennial (long-term) planning process. Through the LTP Council will be able to set out its objectives and policies for the UDA for the three-year period ahead; its' intended activities; and key performance targets. In addition, all of these things can be amended annually through the Annual Plan process.
- **Wellington City Council Governance Manual (formerly referred to as the shareholders' expectation guide)** – this document will set out the nature of the relationship between Council and the UDA and how they will work together for Wellington's benefit. This would be reviewed annually with an expectation that Council and the UDA would collaborate to determine its contents, though ultimately it is for Council's benefit so Council would have the final say.

<sup>5</sup>Auditor General (2011). Letter to the Chief Executive of Auckland Council and Watercare Services Ltd, <http://www.oag.govt.nz/2011/auckland-water/>

- **Statement of Intent** – this would be issued by the UDA annually to cover the ensuing three year period. It would be developed by the UDA board and outline to Council how the UDA intends to deliver on priorities and objectives set out for it. It would also articulate the nature and scope of activities to be undertaken and the performance measures and targets adopted to ensure Council's expectations are met.
- **Letter of expectation** – this would be issued by Council to the UDA. It would be an informal mechanism (it is not required by law) whereby Council could outline its priorities to the UDA board ahead of it issuing the statement of intent.

The above sets out the mechanical accountability framework but it will be essential that the purpose and emphasis in these documents makes the UDA accountable in terms of delivering the outcomes Council has in mind for it. We propose that this be achieved as follows:

- A purpose statement to be included in the constitution which describes the reason for the UDA's existence and the type of activities it will be involved in.
- Explicit reference to the UGP as the guiding document for the UDA's activities.
- Inclusion of the UDA's organisational objectives, core operational activities and performance measures in the statement of intent.

We think the UDA's organisational objectives could be derived from the following:

1. **Unlock development potential** – remove barriers to development where that will enable achievement of formal Council policy on urban renewal, economic development, housing delivery and affordability (e.g. land assembly, infrastructure investment).
2. **Increase supply of affordable housing** – support delivery of new housing into the market at affordable price points.
3. **Deliver large-scale Council development projects** – deliver Council development projects above a specified value threshold that would otherwise be delivered from in-house.
4. **Catalyse the market through demonstration projects** – conceptualise and lead delivery of demonstration projects to catalyse the market in support of strategic urban development policy.
5. **Oversee development of strategic Council property** – oversee development of underutilised Council land holdings located in strategic locations or which have strategic development potential.
6. **Optimise development outcomes on strategic sites** – intervene to optimize strategic development opportunities (in terms of quality or scale) where there is a risk the market

alone will not.

#### 6.4.2 Reporting Framework

The UDA would be responsible to Council via its board, though it is expected that reporting back to Council would be done by the UDA's chief executive on behalf of the UDA's board. Decision making and control of the UDA by Council could be exercised by full Council or delegated to a committee (e.g. Transport and Urban Development). We think there is likely to be value in having an Iwi appointee on the Council committee overseeing the UDA's activities. This would help to ensure that mana whenua and Māori cultural issues relevant to development are given appropriate attention at the governance / oversight level, including the development of the constitution and statement of intent. The major reporting junctures for the UDA back to Council would occur to align with Council's annual and long-term planning processes but less substantive reporting would need to occur on a quarterly or six-monthly basis.

#### 6.5 FINANCIAL FRAMEWORK

Early engagement with Councilors signaled a clear preference for a development entity to become self-funding over time – see the broad principles outlined in [Section 1](#). Decision making on the form and quantum of establishment funding would be made as part of deliberations on the 2017-18 annual plan following public consultation.

Ultimately self-funding would be achieved by the UDA generating profits in development projects which could then be recycled into future projects and offsetting operating costs. However, in the first instance the UDA would need to be funded in some form to begin operations. Further work is required to ascertain the best option and the level of funding required.

#### 6.6 RISK MANAGEMENT FRAMEWORK

The UDA should be established within a clear risk management framework. This would be drawn directly from Council's own risk management handbook which is based on best practice and the Australian – New Zealand Standard on Risk Management (AS/NZS4360:2004) and international standard ISO31000. Council's approach to risk management is:

- The management board and directors are consulted and kept informed about risks.
- Risks are evaluated and managed in line with the risk description and action table in the handbook.
- Accountability for the management of risks is assigned to relevant managers.

- Risk registers (risk management plans) are established and maintained.
- Risks and controls are regularly reviewed for relevance, sufficiency and effectiveness.
- Risks and treatment plans are regularly monitored and reported on.
- Consideration of risks is integrated into planning, project management and assurance activities.

The UDA will need to prepare a risk register and risk management plan which will:

1. Link the key goals and objectives of the UDA to the Council group's activities.
2. Identify all potential risks, when and where they could occur and the impacts.
3. Identify existing controls, the likelihood and consequence of the risk occurring with the controls in place, and determine the risk level based on the risk matrix in the policy handbook.
4. Evaluate the risks, whether the risk is tolerable and acceptable, and the options for responding to the risk including treat; accept; transfer; share; terminate; contingency or prevent.
5. Treat the risks by identifying who is responsible, when the plan will be implemented and what the plan involves.
6. Monitor and review treatment plans and any changes to the internal or external environment.

A preliminary assessment and identification of risks is set out in [Section 6.1](#).

#### **6.7 SPATIAL JURISDICTION**

Because the UDA would be formed by Council its obvious spatial jurisdiction is within city boundaries. However, it would be useful if the UDA can be set up so that it could operate outside the city boundaries in the future. This could be useful in the event of possible local government amalgamation / restructuring or demand from neighbouring local authorities to contract the UDA's services.

At a more local scale there are parts of the city where the UDA's intervention will be more likely / valuable than others and we think it is reasonable that the UDA would signal to Council annually and triennially (to align with the annual and long-term plan processes) the projects and areas where its' activities will be focused.

## 6.8 ORGANISATIONAL LIFESPAN AND REVIEW

As noted in [Section 6.5](#) the UDA will need a realistic period of time over which to become self-funding. It will also need a realistic period of time to prove its ability to deliver desirable urban development outcomes for the city. However, the effectiveness and ongoing need for the UDA should be subject to regular review by Council given the resourcing and risks associated with it. We suggest the following review junctures based on an assumed organisational establishment date of 1 July 2017:

- Annual effectiveness reviews aligning with Council's annual plan processes.
- Substantive three-yearly reviews aligning with Council's long-term plan processes.

Specific consideration should be given to the scope of annual versus three-yearly reviews but we would suggest that annual effectiveness reviews focus on areas for organisational improvement whilst three-yearly reviews should also address Council's ongoing requirement for the UDA. However, to ensure the UDA is given sufficient time to succeed we suggest that the first review of the UDA's ongoing requirement occur as part of deliberations on the 2024-2034 long-term plan (i.e. in eight years' time). Given the strategic, large-scale nature of some of the projects the UDA might undertake we think this is the earliest point at which a full review should occur. This would be consistent with Section 17A of the Local Government Act which requires local authorities to review the cost effectiveness such structures not less than every six years. Assuming establishment on 1 July 2017 or thereafter this can be timed to tie in with deliberations on the 2024-34 long-term plan as suggested above.

At this stage we don't think it is necessary to place an end date on the UDA's activities. Unlike WWL it will not be operating in a discrete spatial area where an overall development timeframe can be estimated. Further, some of the large scale change and projects identified in the UGP will likely need extended timeframes (in excess of 10 years) to be realised.

We recommend that review of the UDA's activities be undertaken by Council's CCO team with findings being reported to a dedicated committee for decision making (see [Section 6.4.2](#)).

## 6.9 ALIGNMENT WITH OTHER COUNCIL ACTIVITIES

Outside of the UDA's activities Council will continue to deliver critical functions and services related to urban development. These will include:

- Strategic city planning / growth management (UGP).
- District plan policy (including special housing areas / SHAs).

- Major infrastructure funding and delivery.
- Development contributions policy and collection.
- Social infrastructure funding and delivery.

The UDA would exist exclusively for the purpose of assisting Council in achieving its strategic urban growth goals (embodied in the UGP). For this reason it is critical that its activities are optimally aligned with related activities being delivered from “in-house” at Council. This will require close, disciplined communication between the UDA and Council proper. Particular opportunities / areas for alignment are:

- Ensuring the UDA’s activities generally occur within priority growth areas identified in the UGP (in its current form or as amended by future reviews).
- Ensuring the UDA’s activities occur in areas with favourable district plan zonings (or SHAs).
- Aligning Council’s infrastructure renewals / capital works programme with UDA projects where necessary to ensure sufficient infrastructure capacity is available.
- Review of Council’s development contributions policy to provide financial incentives to the private sector in support of UDA projects (e.g. waivers where there is adequate infrastructure capacity available or certain development conditions are met).
- Aligning Council’s social infrastructure programme with the UDA’s activities to provide investment / anchor tenant support.

Because the UDA would operate at arms’ length with a mandated delivery function, alignment between it and Council proper should be overseen and pursued primarily from in-house but should also be seen as an area of joint responsibility.

#### **6.10 ESTABLISHMENT**

The UDA could be formally be operating on 1 July 2017. In the period leading up to this date Council would need to make a decision to establish the UDA, approve funding, appoint the inaugural UDA board which would be charged with appointing its own chief executive who in turn would appoint other UDA staff. The decision to establish the UDA and its level of funding could be made next year as part of 2017-18 annual plan deliberations. An in-principle decision can be made prior to this.

## 7. CONCLUSION

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The establishment of a broad ranging UDA as an arms' length entity of Council has been actively considered for almost 10 years. First and foremost limitations relating to land availability and the local development mean that Council's vision for Wellington embodied in the UGP will not be realised without some form of public sector intervention. In its guardianship role for the city Council is the agency best positioned to do this.

For reasons fully explained in preceding sections a dedicated UDA entity is proposed. It would be a CCO or CCTO and company with an independent board responsible to Council. To ensure value for money to ratepayers it would operate within a commercial framework but its organisational purpose would be to assist delivery of Council's vision for the city set out in the UGP.

A number of checks and balances are proposed to ensure that the UDA delivers on the role and outcomes Council would envisage, these include:

- direct accountability to Council or a nominated Council committee;
- regular reporting and accountability mechanisms aligned with Council's annual and long-term plan process (and more regular – probably quarterly – reporting);
- an independent TAG group with a focus on development outcomes which vets individual projects and provides input into development design and configuration;
- an independent board with relevant, specialised skills; and
- nimble organisational structure based on a small number of permanent staff and use of contractors to give greater control of overheads given the lumpy nature of development projects.

Principal among the UDA's activities would be attracting and facilitating development activity in the city (an advocacy role); disposing, purchasing and assembling land to create strategic development parcels; de-risking strategic land where existing encumbrances have presented a barrier to market activity; and procuring and managing development partners including leveraging land ownership to achieve "bonus" outcomes with social or environmental benefits (e.g. affordable housing units, exemplar urban design). To maximise benefits the UDA's activities should be aligned with Council's activities, for example major infrastructure upgrades, to support development projects.

The primary barrier to realization of outcomes in the UGP is lack of supply of vacant, serviced and zoned ("shovel ready") land in the city. Therefore assembling and readying shovel ready land in strategic locations would be a core focus for the UDA. More broadly the proposal for the UDA

outlined in this report is predicated on removing existing barriers to market delivery of Council's vision for the urban and economic development of the city. A core principle underpinning its activities would be "bridging the gap to the market and no more". This approach will ensure the UDA does not overreach itself financially and is focused on facilitating partnerships (rather than competition) with the private development sector.

Establishing the UDA would represent a significant decision for Council, but without it, or something akin to it, Council's role in urban development will remain passive and regulatory in nature. Experience since 2006, when Council began taking a strategic, planned approach, is that this passive role has not delivered the outcomes sought. Based on certain assumptions about Council decision making we propose the following process for establishment of the UDA:

- Seek Council approval to consult on the establishment of the UDA through the 2016-17 annual plan process.
- Consider submissions received on the UDA proposal through the 2016-17 annual plan process. An in-principle decision can be made at this stage
- Seek Council approval for funding to operationalise the UDA on 1 July 2017 through the 2017-18 annual plan process.



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CONSULTATION DOCUMENT

# An Urban Development Agency for Wellington City

Have your say  
29 March – 29 April

## Introduction

Wellington City Council (Council) is seeking community views on a proposal to form an Urban Development Agency for Wellington. The Urban Development Agency would play an active role in the Wellington property and development market to help achieve Council's urban development goals for the city.

Council is obtaining feedback on a draft proposal for an Urban Development Agency through the 2016/17 Draft Annual Plan submission process. Once feedback has been received Council will consider the feedback and make a decision whether to progress the proposal and establish an Urban Development Agency.

Urban Development Agencies take various shapes and forms around the world so a proposal specific to Wellington has been developed in sufficient detail to help submitters understand what the Urban Development Agency might do in Wellington and enable meaningful feedback to be obtained.

This consultation document outlines why an Urban Development Agency is being considered for Wellington, what it would do, the likely benefits, the risks, and how it would be structured.

## The issue

Wellington City is physically constrained – hemmed between the harbour and the hills and lacking flat land for expansion. While this makes for a compact and highly liveable city, the city’s inability to grow outward raises unique challenges and increases the stakes when readily developable land does become available.

Redevelopment in existing urban areas of Wellington currently represents the majority of development activity in the city, but is also often complicated by legacy issues such as land fragmentation and lack of infrastructure capacity, and development opportunities are diminishing. This is particularly the case in established suburbs and “brownfield” areas.

With Wellington’s steep topography readily developable “greenfield” land has also always been in short supply and current estimates are that the last remaining greenfield land which is zoned for development (in the Churton Park and Grenada area) will be fully developed in about 20 years based on historic growth rates. Considering our population growth has accelerated in recent years – if this continues – available “greenfield” land may only last as little as ten years.

In 2015 Council adopted the Wellington Urban Growth Plan (Transport and Urban Development Strategy) which sets out a long-term vision for the growth and development of the city. The Wellington Urban Growth Plan combines and supersedes Council’s 2006 Transport and Urban Development Strategies, though many of the directions in those documents have been reconfirmed. It also aligns with Council’s economic development priorities and projects.

Ten years of experience with stable transport and urban development policy settings has been beneficial but some of the desired outcomes – for example regeneration of Adelaide Road and medium density housing in Kilbirnie – have not occurred.

In this time Council has made some strategic investments to support its strategies such as town centre and infrastructure upgrades, and has undertaken significant improvements to the District Plan, but overall has taken a relatively passive, regulatory role and waited for the market to respond. There have been some significant successes, notably the proliferation of apartment development in the central city, but in many other areas the market response has been lukewarm or non-existent. This has particularly been the case in areas where Council has hoped to catalyse significant change or “urban regeneration”.

It is now recognised that delivering on Council’s urban development and economic priorities in a timely fashion requires Council to be a more active player in the property and development market and to facilitate stronger partnerships with the development industry. Many of the barriers to delivery relate to localised property constraints and market stigma which can be resolved through Council intervention such as land assembly and master-planning.

Public sector intervention in the land and property market creates the opportunity to consolidate and assemble land, and to make better use of strategic sites when they do become available. Put simply, without direct intervention many of the projects and outcomes set out in Council’s urban growth plan are unlikely to be realised. A dedicated function which better responds to (and proactively identifies) partnership opportunities would assist in bringing land to market and delivering the outcomes and projects set out in the Wellington Urban Growth Plan.

However, intervention should seek to leave as light a footprint as possible based on the principle of “bridging the gap to the market and no more”. This would be achieved by acting in partnership with the private sector to harness its abilities rather than compete against it.

*Breakout box*

*Urban Development Agencies – an overview*

- *UDAs are a proven tool for facilitating urban regeneration.*
- *UDAs use public-sector tools and finances to attract private investment where otherwise there is market failure.*
- *Usually this is done in a planned way (i.e. with masterplans or development design briefs) to maximise benefits to the community.*
- *Benefits can be measured financially (i.e. public profit) or in terms of social and economic outcomes.*
- *Successful UDAs intervene strategically and attract several dollars in private investment for every dollar spent.*

## The opportunity

By taking a more active role in city property and development activities there is an opportunity for Council to:

- purchase and assemble land to unlock development constraints and increase the supply of developable land in strategic locations;
- actively support delivery of projects which catalyse change and demonstrate the benefits of innovative development (e.g. compact housing, green buildings); and
- partner with private companies to deliver projects which align with the city vision (e.g. major facilities, remediation of earthquake prone buildings).

These actions would:

- ensure the city makes better use of the limited land it has
- support the intensification and regeneration of the city in-line with the Wellington Urban Growth Plan
- bring more development opportunities onto the market
- support the delivery of major Council-led projects.

The formation of an Urban Development Agency would provide the city with a key tool to assemble land in the right places and co-ordinate the activities of Council and others to deliver critical projects and continue investing in Wellington.

## The proposal in a snapshot

It is proposed to form an Urban Development Agency of Council. It would be a council-controlled organisation (CCO) with a mandate to purchase and assemble land, partner with developers, deliver projects which fit with Council's vision set out in the Wellington Urban Growth Plan, and liaise with Council's internal business units to align its activities with Council's policy settings and capital works programme.

### *What it would deliver*

The primary purpose of the Urban Development Agency would be to unlock development potential in the city by removing barriers to development (through land assembly and master-planning) where that will enable Council objectives on urban renewal, housing delivery and affordability, and economic development. The type of activities it would undertake includes:

1. *Lead and co-ordinate the regeneration of strategic precincts* – assembles and prepares land for development, procures private partners and undertakes other co-ordinating actions to deliver broad scale urban regeneration in key parts of the City.
2. *Increase supply of affordable housing* – support delivery of new medium density and affordable housing in strategic locations (e.g. around suburban shopping centres).
3. *Deliver large-scale Council development projects* – deliver Council development projects above a specified value threshold that would otherwise be delivered from in-house.
4. *Catalyse the market through demonstration projects* – conceptualise and lead delivery of demonstration projects to catalyse the market in support of Council objectives (quality medium density housing, high quality urban design, green buildings).
5. *Optimise development outcomes on strategic sites* – intervene and take a leadership role in strategic areas where earthquake prone building issues are preventing a timely market response.

Setting aside some local variations these activities reflect those of urban development agencies in the United Kingdom, Canada and Australia, as well as those performed by Auckland Council's urban development agency *Panuku Development*

Auckland and those proposed for Christchurch's recently formed *Regenerate Christchurch*.

### Case studies

#### Currie Barracks

- Calgary, Alberta, Canada
- Transformation of former WW2 military training base into contemporary urban village
- Development co-ordinated by UDA and based on principles of smart growth and sustainable community design
- Upon completion will have 5,700 dwellings, 20,000m<sup>2</sup> retail space and 60,000m<sup>2</sup> office space



#### Melbourne Docklands

- International profile as successful urban regeneration site
- By 1990s 150ha area of underutilised land and buildings
- Victorian state government formed a UDA to co-ordinate redevelopment and promote economic growth
- UDA purchased land, co-ordinating infrastructure delivery and procuring development partners
- Project is ongoing but has attracted \$10 billion in private investment – forecast \$17 billion by completion in 2025
- Mixed use development – 10,000 residents and 53,000 jobs, major head offices (e.g. ANZ Bank), international stadium, high quality public spaces



## Funding options

Over time it is expected that the Urban Development Agency's activities will become self-funding so that direct, ongoing Council funding is not required. However, in the initial stages operational funding and seed funding from Council will be required to support its activities and build its operations to a stage where it can be self-funding.

It is proposed that funding be built up over the first three years of operation to align with the staged build up in the scale of projects delivered by the Urban Development Agency, with smaller scale projects being undertaken first to allow the Urban Development Agency to demonstrate its capability and build a track record for the benefit of key stakeholders (including Council itself and the private development sector).

Options on how the Urban Development Agency could be funded will be explored in detail over the coming six to twelve months, and these will be considered as part of the 2017/18 draft annual plan process.

### *The potential to operate regionally*

The Urban Development Agency's primary focus would be to assist Council to deliver its objectives as set out in Wellington Urban Growth Plan and therefore its activities would occur within Wellington City and be fully funded by Council. However, it could be established so that other local authorities could contract its services to deliver and facilitate development projects outside the city.

### *Relationship with Council business units*

The Urban Development Agency would be a development facilitation and delivery agency and internal Council business units (other than its development unit) would not be affected by its formation. The Urban Development Agency would not have infrastructure delivery, policy making or regulatory roles - these would continue to be performed by internal Council business units.

## The proposed structure

Council's current urban development structure allows it to perform its policy making and regulatory functions well but would benefit from a better resourced, arms' length function with a strong delivery (development) focus.

This would assist in catalysing change and ensuring strategic development opportunities in the city are maximised.

It is proposed that the Urban Development Agency be set up as a Council Controlled Organisation. This would provide the right mix of operational efficiency, focused leadership and direction, and accountability to residents and ratepayers. It would be fully owned (100%) by, and be accountable to Council.

#### *The benefits of an arms-length entity*

Consideration has been given to delivering a development function from within Council's existing structure, but a Council Controlled Organisation offers the following distinct advantages:

- a) *Dedicated delivery focus* – by operating separately from other Council functions a CCO can focus on delivery actions separately from the broader policy directions of Council. This is especially beneficial in terms of the ability to move quickly and confidentially in a commercial environment.
- b) *Remove potential for conflicts of interest* – the urban development agency will be a significant development agent and advocate and these roles need to be kept separate from Council's policy making and regulatory functions to avoid actual and perceived conflicts of interest.
- c) *Attract the right talent* – an arm's length entity with a clear commercial focus will be attractive to the type of people the urban development agency would need to succeed in its objectives. Such skills are essential to making sure urban development agency delivers outcomes which represent value for money to ratepayers.
- d) *Ability to make decisions quickly* - the success of the urban development agency will hinge on its ability to gain the confidence of the private development sector and procure suitable development partners. To gain and maintain the interest of these partners the urban development agency will need to be able to enter into secure commercial arrangements quickly. A CCO structure with delegated authority to enter into such arrangements (within specified parameters and value thresholds set by Council) would be beneficial in this regard.
- e) *Better use of resources* – establishing an arms' length entity with a clear focus on these type of activities will enable Council to have a greater impact on

urban development outcomes in the city and receive a stronger return on its own investment.

#### *Political oversight of the agency*

The Urban Development Agency is a delivery vehicle – it would exist simply to deliver on the objectives, projects and policy settings agreed by Council. Political oversight of the agency would be provided by Council or one of its committees eg. the Transport and Urban Development Committee. Council would approve the Urban Development Agency's constitution, its statement of intent (work programme and budget), and would monitor performance against agreed targets through quarterly and annual reports.

Overall Council would have the following functions in terms of overseeing the Urban Development Agency:

- a. Monitor the performance of the Urban Development Agency and its board
- b. Provide governance oversight of the Urban Development Agency
- c. Set the strategic outcomes for urban development
- d. Review and agree the strategies for achieving the desired outcomes
- e. Approve the Urban Development Agency's annual statement of intent (projects and budget), and three year business plan
- f. Respond to changes and market trends and consider modifications of the desired outcomes
- g. Appointment and review of the Urban Development Agency's directors.

#### *Board of directors*

The Urban Development Agency's operations would be overseen by a board of independent directors, appointed for their specific commercial expertise and other relevant experience. It will be important that the board's skill set reflects the agency's core areas of activity.

There is proposed to be six directors, appointed on merit and with relevant skill sets.

The Urban Development Agency would be an active participant in the Wellington property and development market and as such it will be subject to particular commercial and legal risks. It is therefore important that board members have skill sets specific to those risks. The six member board should have at least one member with experience in each of the following areas: commercial property or property

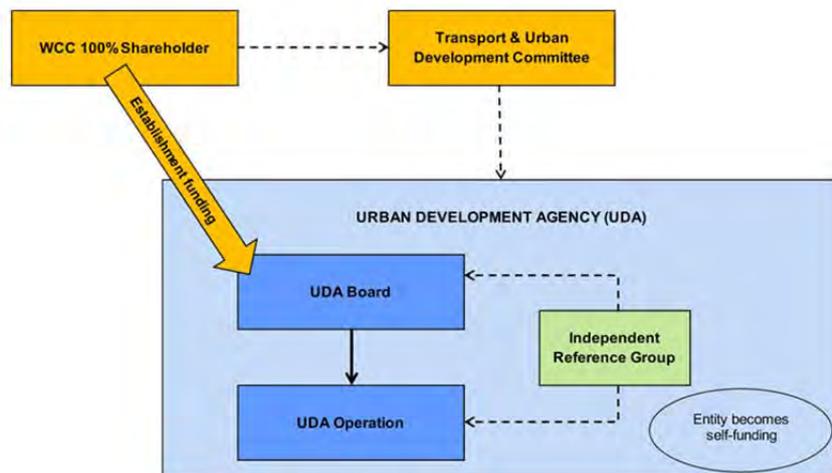
development; property or commercial law; banking, finance or accounting; urban design or architecture; town planning / resource management; and local government.

Directors will need significant business and commercial acumen and experience, along with a good understanding of corporate governance. Selection of board members would need to carefully consider candidates with local interests to ensure they do not have conflicts of interest.

### Independent Review Group

It is also proposed that the Urban Development Agency have access to an Independent Review Group (IRG) with a technical focus. The IRG would be made up of reputable professionals and independently test aspects of projects. The IRG model is widely used in the field of urban design but it is proposed that the UDA's IRG have a wider collective skill set that can be drawn upon as required, including: urban design or architecture; landscape architecture; town planning / resource management; civil engineering; and traffic engineering.

### Proposed UDA Structure



## Make a submission

You can make a submission by:

Email: [BUSAnnualPlan@wcc.govt.nz](mailto:BUSAnnualPlan@wcc.govt.nz)

Online: <http://wellington.govt.nz/have-your-say/consultations>

Post: Wellington City Council, 101 Wakefield Street, Wellington (attention Neil McInnes)

Feedback is invited by 29 April 2016

## More information

For more detailed information on this proposal please visit the website [Wellington.govt.nz/have-your-say/consultations](http://Wellington.govt.nz/have-your-say/consultations)

## Key questions

*Do you think Council should establish an Urban Development Agency to undertake the following functions in the City:*

- *Lead and co-ordinate the physical regeneration of strategic parts of the city?*
- *Parcel land together and increase the supply of affordable housing?*
- *Deliver large-scale Council development and growth projects?*
- *Demonstrate good practice in housing development, urban design and sustainability?*
- *Take a leadership role in areas where earthquake prone building issues are preventing a timely market response?*

Draft consultation document

# Low Carbon Capital

A Climate Change Action Plan for Wellington 2016 -  
2018

## Table of contents

|   |    |
|---|----|
| Introduction by the Mayor                 | 3  |
| Background                                | 5  |
| • The global context                      | 6  |
| • Why cities?                             | 7  |
| • The current government response         | 8  |
| • Co-benefits of climate action           | 9  |
| The state of play                         | 10 |
| • The challenges so far                   | 12 |
| • Our current targets                     | 14 |
| • Identifying areas of greatest potential | 17 |
| • What this action plan does not cover    | 18 |
| Three pillars of Wellington's Action Plan | 19 |
| • Greening Wellington's Growth            | 20 |
| • Changing the way we move                | 30 |
| • Leading by example                      | 36 |
| Glossary                                  | 43 |
| Have your say                             | 47 |

## Introduction by the Mayor

We have a major challenge ahead of us, citizens of Wellington and the world, with the very real issue of climate change. We know we must act and we know the cost of action will be high. However, the cost of doing nothing is even greater.

There is also a major opportunity ahead of us. Addressing climate change is a real opportunity for forward-looking businesses, council and households to work together. It's an opportunity for warmer, drier homes, for new technology in transport and power storage, for reduced running costs and for innovative information sharing.

Our Wellington 2040: Smart Capital vision has long accepted our share of responsibility and has committed the city to a course of action to address climate change. Now we have the real and accurate data to confirm both the extent of our emissions and the impact climate change could have on our lives and our children's futures. This is why the Wellington City Council's Low Carbon Capital plan is so important to the way we operate, as a city, as businesses and as individual households.

To meet the challenge and grasp the opportunities ahead of us, we must work together.

Climate change is unfortunately far more than a rather warm summer in Wellington. Storms, sea-level rise, ocean acidification and refugee issues affect our city as well as the global environment.

In December 2015, 200 countries came together in Paris to set a pathway for unprecedented collective action to reduce the amount of greenhouse gases entering the atmosphere and further mitigate impacts of climate change on the planet. These 200 countries signed up to mitigation goals aiming to limit warming across the climate system to 2 degrees Celsius or less by the end of the century.

Across the globe, Cities have a strong role to play as the source of 70% of greenhouse

emissions and with 90% of them vulnerable to coastal impacts. Wellington City is no exception and we have already positioned ourselves as a leader on climate change with the lowest per capita emissions in Australasia. The council has pioneered innovative programs like the Smart Energy Challenge and the Smart Buildings Challenge, as well as being one of the only cities in the southern hemisphere to host a Climathon in partnership with Europe's Climate-KIC. We have promoted climate action between local government, entrepreneurial start-ups and large businesses. We host two nearby wind farms that provide enough electricity to power all our residential homes, and we have the highest active and public transport use in the country. In addition, we own substantive forestry holdings and are aiming to plant 2 million trees across the city by 2020.

Wellington is a climate centre of action – we are a member of the Rockefeller Foundation's 100 Resilient Cities Network, and have recently joined the global Compact of Mayors. The City, and region, is home to multiple universities and research institutes specialising in climate change including the Climate Change Research Institute at Victoria University of Wellington, the New Zealand Centre for Sustainable Cities at Otago University, and a number of Crown Research Institutes.

We need to keep moving forward by setting ambitious science-based targets and this is what the 2016 Low Carbon Capital plan does. We have invested significantly in the information that underlies our planning, updating our greenhouse gas inventory, achieving Certified Emissions Management And Reduction Scheme (CEMARS) certification for the Council's corporate emissions, and launching the Wellington 2050 Energy Calculator. Our Low Carbon Capital continues some programs while activating three key areas: greening Wellington's growth; changing the way we move; and leading by example.

Reducing emissions is just one reason to invest in carbon-friendly action. Wellington consistently places high in quality of life measures, helped by its compact and liveable city centre. By investing in climate-friendly infrastructure we can further promote compact, healthy, and liveable communities which also benefit our economy.

Meeting our ambitious goals will take a concerted effort of tailored investments and

initiatives in partnership with the private sector and central government that help promote our weightless knowledge economy while reining in our carbon output.

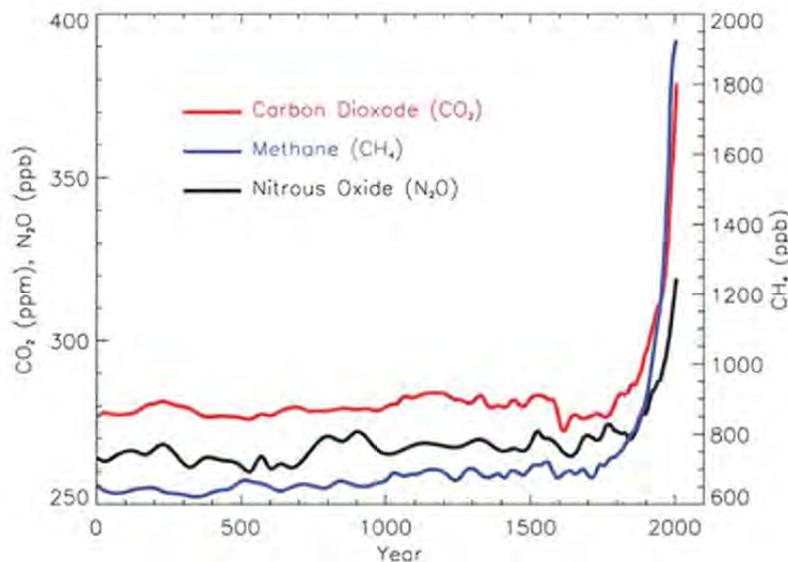
Momentum for climate action across the globe is building and Wellington is well-positioned to capitalise on its past successes to lead in many areas – by building on our existing programs and by breaking new ground.

Celia Wade-Brown

Mayor

## Background

Climate change is now a clear and present global threat. Globally significant and sustained changes to the climate system are being driven by human activities – such as farming, driving, burning fossil fuels for electricity, and deforestation – pumping greenhouse gases like carbon dioxide, methane, and nitrous oxide into the atmosphere, where they gather and trap heat. Since the industrial revolution we have seen significant increases in greenhouse gas emissions unseen in millennia.



With 90% of global cities on the coast, vulnerable to threats driven by climate change like sea level rise and increasingly severe storms, it is imperative that we act to limit the damage caused by climate change. Closer to home, Wellington City has already seen the recent impacts of severe storms with the destruction of the Island Bay sea wall, the disruption of roads along the south coast, and the impact of washouts on the rail corridor north, particularly in the June 2013 storms.

However as a city that emits just 5.32 tCO<sub>2</sub>e per person, the lowest in Australasia, Wellington is starting from a strong base. We have windfarms at our doorstep which supply

enough power to power all of Wellington City's residential homes. We have the highest rates of active and public transport in the country. We enjoy a compact, vibrant and liveable city centre. These existing assets provide a solid base that will act as a springboard to help us achieve our ambitious goals.

Action on climate change is not just good for mitigating emissions, or preventing negative impacts in the future. Acting to reduce emissions helps the city as a whole. Promoting a future-proofed knowledge economy to support the growth of the city and overall wellbeing; supporting the health and wellness benefits that come from active lifestyles and cleaner air; and promoting the vibrant liveable city centre that will result from a compact development profile are all examples of why climate change action is smart for the city.

### *The global context*

Wellington City Council has led on climate change and resilience for many years. Now the Low Carbon Capital plan, combined with membership in the 100 Resilient Cities network funded by the Rockefeller foundation, aims to solidify that leadership position. Wellington aims to be low carbon, liveable and fundamentally resilient to both the stresses and potential shocks that the city will face as a result of climate change.

Since our 2013-15 Climate Change Action Plan was released, the global context has seen a significant shift in its approach to a changing climate. The IPCC Fifth Assessment Report was released in late 2014, warning in the strongest terms:

***“Warming of the climate system is unequivocal, and since the 1950s, many of the observed changes are unprecedented over decades to millennia. The atmosphere and ocean have warmed, the amounts of snow and ice have diminished, and sea level has risen.”***

"The Paris Agreement is a monumental triumph for people and our planet."

- United Nations Secretary-General Ban Ki-Moon

In late 2015, countries met in Paris for the 21<sup>st</sup> Conference of the Parties (COP21). As a result nearly 200 countries signed a commitment, and many issued reduction pledges, to reduce emissions enough to limit global temperature increases to a maximum of 2 degrees Celsius by the end of the century. With large global emitters such as the United States and China pledging meaningful reduction targets the

mood remains positive that we may finally be reaching a tipping point for concerted global action to address climate change.

Domestically central government is currently undertaking a major review of the Emissions Trading Scheme (ETS) and foreshadowing more support for initiatives such as electric vehicles (EVs), cycle ways, and public transport.

### *Why cities?*

Globally cities consume two-thirds of the world's energy and create over 70% of global greenhouse gas emissions. Over 90% of all urban areas are coastal, putting most cities on Earth at risk of flooding from rising sea levels and powerful storms. Ultimately, every city and state is responsible for contributing to climate mitigation if we are to meet the ambitious goals the world has set in the most recent climate summit. Cities emerged out of COP21 in Paris as the key non-state stakeholders in meeting our global carbon challenge.

Wellingtonians each contribute 5.32 tonnes of CO<sub>2eq</sub> each year. By lowering our carbon impact we contribute to the future-proofing of our city against the most negative impacts of climate change, whilst at the same time improving liveability and competitiveness by leveraging all the co-benefits that come with investing in climate-friendly policies, goods,

and services. We also have an opportunity to show leadership in the reduction of our own corporate emissions.

We will continue to identify opportunities to partner with Central Government, the private sector, universities and research institutes, and NGOs in order to maximise our collective funding capability and ensure no duplication of services.



Wellington City has a proud history of commerce, culture, and innovation. We have the talent, the ideas, and the will to make a meaningful contribution to the global effort on climate change.

#### *The current government response*

The New Zealand Emissions Trading Scheme (ETS) is the country's key central government response to combat carbon emissions. The ETS creates a market incentive through by pricing carbon. Emitters must surrender carbon credits to meet their greenhouse gas emissions liability while activities that remove carbon from the atmosphere, such as forestry, are awarded carbon credits. These credits can be freely traded. Most parts of the economy are covered by the ETS with the exception of agriculture which makes up nearly 50 percent of New Zealand's emissions. Trade-exposed industries are allocated free credits to help them transition into the scheme.

For most of the time since the ETS was implemented in 2008 the price of carbon has been so low that it has not made a meaningful difference in terms of driving low-carbon choices in the market. There is currently a review of the emissions trading scheme underway that may address some of these issues resulting in a more robust central government response to the need for decarbonisation.

*Co-benefits of climate action*

Climate action doesn't just benefit the environment it also benefits the economy and contributes to Wellington's liveability:

- Greater health and wellness, particularly from active transport
- A more livable city with vibrant centres, particularly from compact development
- More affordable and accessible housing due to more space-efficient development
- A more vibrant economy due to an emphasis on "weightless," knowledge-intensive businesses.
- Cleaner air, water and natural environment

# The state of play

## Wellington City's emissions profile

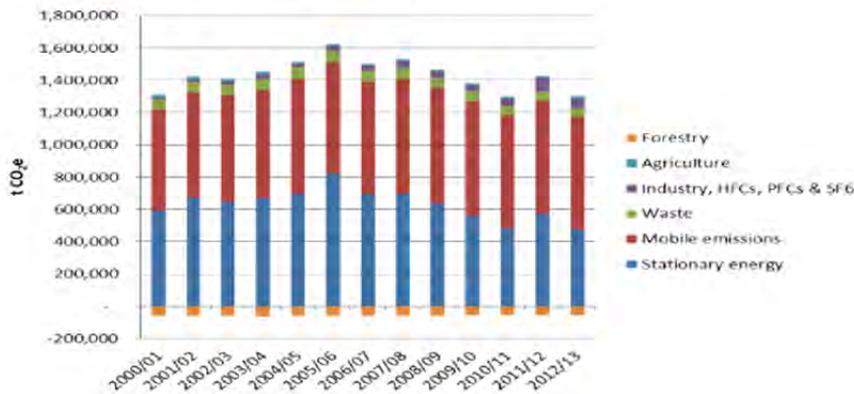
**1,084,979**  
tonnes CO<sub>2</sub> equivalent

- Wellington's 2014/15 total emissions per GHG inventory

Wellington City's production emissions are dominated by two key sectors – transport and stationary energy, which combined account for more than 90% of the city's emissions. Wellington's emissions profile does not contain substantial agricultural and forestry components as is the norm in most other parts of New Zealand. However Wellingtonians do consume significant amounts of agricultural

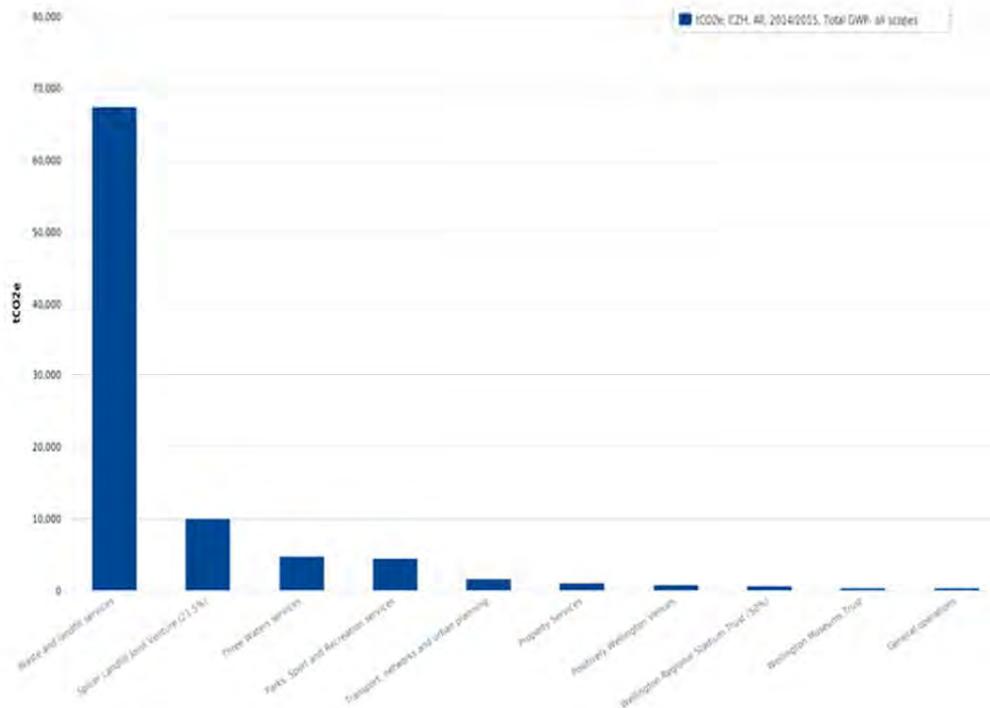
products which add to demand for production elsewhere. On the other hand, we have a major international airport within the city limits, so we are credited with the emissions of nearly all of the region's domestic air travel. This creates multiple complex challenges – with less forestry we aren't able to offset as much; and with aviation being a substantial contributor to our transport emissions, greenhouse gas reductions will be driven by the availability of international solutions for aviation such as biofuels or gains in aircraft efficiency. That said there are many opportunities where we can make a difference today – mostly in building energy use and private transport.

Figure 5-2 Wellington City Emissions Profile



*Wellington City Council's Emissions Profile*

Wellington City Council's recently-audited greenhouse gas emissions inventory is remarkably different from that of the city. As an organisation, waste deposited at our two landfills accounts for more than 80% of the organization's overall emissions. This poses a challenge for the council, as much of the emissions come from private waste deposited at our publicly-operated landfills. Whilst waste dominates our emissions profile there are still significant gains that can be made across the rest of Council operations and CCOs.



## The challenges so far

### *Linking targets to mitigation action*

This is not a challenge unique to Wellington City. Governments, Councils, and businesses worldwide have been grappling with the difficulties of setting ambitious but realistic targets and then laying out clearly how they intend to achieve those targets.

Whilst we implemented or completed nearly every action point in the 2013-15 Climate Change Action Plan we still failed to meet our targets. This implies that our targets were not sufficiently linked to the actions that were chosen, and we need better information to help us identify the actions with the greatest potential to achieve the emissions reductions required to meet our targets.

The development of the 2050 energy calculator and the tools now available to us through our CEMARS certification will assist us to better align targets with pathways to meet those targets.



30 out of 34 actions  
completed in the 2013-15 Climate  
Change Action Plan

### *The levers we have available to us are limited*

Most of the available levers to really accelerate action on climate change mitigation lie with central government. The price of carbon, further greening of the national grid, and accelerating the production and uptake of biofuels are all examples of central government policies over which we have no control that could significantly impact our city and Council emissions. However we do have a strong role to play in advocating on behalf of our community for policies and initiatives which drive down emissions across the city and the country as a whole. This also provides an even greater incentive to make maximum use of the levers which are available to us.

### *Managing legacy infrastructure and climate change adaptation*

Even if the world were to drastically reduce emissions overnight we are still locked into at least two degrees of warming by the end of the century. This will mean changes in weather patterns, temperature, and sea level rise.

One of the most challenging aspects of climate action is likely to be the management of legacy infrastructure. Much of the infrastructure with us today will still be in use fifty or



even a hundred years from now, particularly housing, transport and water infrastructure. Managing this infrastructure in the face of rising seas, more severe storms and a significantly changing climate will be no small feat. Our membership in the 100 Resilient Cities network and the upcoming Resilience Plan will offer an opportunity to elucidate how we plan to manage this infrastructure

over the next coming years.

#### *Mainstreaming climate change policy and action*

Action on climate change mitigation and adaptation makes sense economically as well as environmentally. As such climate change policy shouldn't exist in a vacuum siloed away from all other areas of Council policy.

There are also many actions that might only result in small reductions in greenhouse gas emissions, but that have many other co-benefits which on balance make them worthy of support. An example of this would be home insulation, which also results in warmer healthier homes, or residential solar which with fast-developing battery technology increases resilience.

## Our current targets

Wellington City Council has adopted two separate target pathways out to 2050 – one for Council operations and the other for the city as a whole. The targets were set in 2007 and based on recommendations for cities from ICLEI (International Council for Local Environmental Initiatives) due to a lack of Wellington specific data at the time.

Greenhouse gas emissions-reduction targets for Wellington City and Wellington City Council

|                         | BASE YEAR        | 2010<br>(2009–2010)     | 2013<br>(2012–2013) | 2020<br>(2019–2020) | 2050<br>(2049–2050) |
|-------------------------|------------------|-------------------------|---------------------|---------------------|---------------------|
| Wellington City         | 2001 (2000–2001) | Stabilise (0% increase) | -3%                 | -30%                | -80%                |
| Wellington City Council | 2003 (2002–2003) | Stabilise (0% increase) | NA                  | -40%                | -80%                |

Since that time we have implemented and delivered three key projects.

- The first is a Greenhouse Gas Inventory for Wellington City. The inventory measures emissions generated directly and indirectly by the communities of Wellington City across a number of different sectors including transport, waste, stationary energy, agriculture and forestry. With the release of our latest Greenhouse Gas Inventory in early 2016 we are now able to assess our citywide performance against our targets.
- The second is a city-wide energy calculator. The calculator allows users to explore how energy and transport choices shape Wellington city’s carbon emissions footprint and discover which interventions would have the highest impact based on scientific data. Users can vary 31 ‘levers’ that affect how energy is used and produced in the city– such as improving public transport or increasing the number of solar panel installations. The calculator will allow Wellington City Council to prioritise areas with the highest potential for emission reductions and use that data to inform future city targets.

- The third is the attainment of CEMARS (Certified Emissions Management and Reduction Scheme) certification for Wellington City Council – only the third Council in New Zealand to do so. Council achieved CEMARS certification in December 2015 following a two day audit of the energy and emissions data collected by Wellington City

"Our emissions profile will now be regularly audited and includes all city Council emissions to international certified standards. This is a significant step and puts emissions into a category as important as an accurate balance sheet."

Council and CCOs. Certification means that we can now have confidence that the data we collect is accurate and comprehensive and a precise measure of how we are performing. This enables us to start measuring our energy and greenhouse gas emissions reduction progress against this original audit or 'baseline' year and make more informed decisions about our energy management and emissions reduction work programmes. These work programmes will inform the setting of future targets for Council Operations.

*So what do these tools tell us?*

**1.8%** reduction in citywide CO<sub>2</sub>e between 2000/01 and 2014/15  
**30%** target reduction by 2020

Based on the information in our updated Greenhouse Gas Inventory, Wellington City emissions have decreased by 1.8% between our base year of 2000/01 and 2014/15. However we failed to meet our 2013 target of a 3% reduction in emissions with the city registering a 1.5% increase for that period. Similarly using our energy calculator we can predict that it is highly unlikely that we would

be able meet our current target of a 30% reduction in city-wide emissions by 2020.

More importantly however it is still possible, with a concerted and sustained effort, to meet our 2050 target of an 80% reduction in city-wide emissions relative to 2001. It is the 2050

target that is critical and so while it is disappointing to not meet the 2013 or 2020 targets it is merely the trajectory that has changed, not the goal itself. We also now have comprehensive information that was not available back in 2007 to inform the setting of future targets and identify the interventions that will yield the greatest reductions in greenhouse gas emissions.

When it comes to the measurement and setting of targets for Wellington City Council's corporate emissions we also have historically had to rely on data that was compromised due to numerous changes in methodologies and unaudited emissions reporting going back to the base year of 2003. Gaining CEMARS accreditation has rectified this situation and given us a comprehensive standardised platform for our emissions reporting and management. As a result it is necessary to reset our base year to 2014/15 – the first year for which we have a complete audited set of data right across Council and CCOs. Achieving the current



target of a 40% reduction in Council emissions by 2020 compared to the new base year would be extremely difficult. As with the City-wide emissions reduction target we believe it makes the most sense to focus on achieving the 2050 target and set the emissions reduction trajectory, and interim targets, accordingly based on the new information we now have available.

We now have an opportunity to utilise the three tools that have been developed to inform Wellington-specific emission reduction targets rather than continuing to use the ICLEI default targets. In doing so we acknowledge achieving our targets will require significant central and regional government support and action and will work collaboratively with our partners to achieve this.

With this in mind, we recommend the following targets be adopted for our citywide emissions reductions. The base year for the city is 2000/01.

2020: 10-15%, recommended target 10%

2030: 30-60%, recommended target 40%

2040: 50-80%, recommended target 65%

2050: 80%, reconfirmed.

Scenario modelling to test these targets can be done at <http://climatecalculator.org.nz>

Targets for Council's corporate emissions will be set in conjunction with the development of our CEMARS emissions management plan.

## Identifying areas of greatest potential

With the development of the Wellington 2050 Calculator and our latest Greenhouse Gas Inventory, we now have much better information available to us to analyse the potential impact of different interventions and their overall potential for emissions reduction given various levels of effort. By far the most impactful areas of potential are:

1. Electrification of the vehicle fleet
2. Biofuels for liquid fuel replacement
3. Further increasing the percentage of renewable electricity generation nationally
4. Reduced emissions from refrigerants and other product use.

From this information we have identified a mix of proposed activities for Wellington City Council comprising both direct actions and strengthened advocacy roles.

There is enormous opportunity to bring central government, the private sector and local government together to deliver strong results for the climate in these and other areas.

The calculator will allow people to see the impact of their choices on Wellington's emissions pathway, based on scientific data. It covers all parts of the economy and all greenhouse gas emissions released in the city, including non-energy-related emissions.

- Wellington Mayor Celia Wade-Brown

## What this action plan does not cover

There is enormous crossover between climate change mitigation and adaptation and officers continue to work closely together. After all, mitigation is first line of defence when it comes to adapting to a changing climate. If we don't stop creating the problem then our adaptation challenges become even more difficult. However this action plan will not lay out a strategy for climate change adaptation for Wellington City. That work is being carried out as part of our membership of 100 Resilient Cities and will be consulted on separately. As such this action plan's focus is solely on climate change mitigation.

# The three pillars of climate change action for Wellington

# 1. Greening Wellington's growth

Wellington City is widely recognised as a liveable city renowned for its high quality of life. Wellington already has the country's highest proportion of people walking, cycling and using public transport for journeys to and from work. Wellington has a head start on the rest of

70% of the infrastructure that will exist in cities by 2050 hasn't been built yet.

- Rockefeller Foundation 100 Resilient Cities Global Trends

New Zealand in responding to climate change, with a lower carbon footprint due to its compact urban form, higher rates of public and active transport, access to significant renewable energy resources, and a growing creative and knowledge-based, "weightless" economy.

Wellington City's population is conservatively expected to grow from the current 200,000 to approximately 250,000

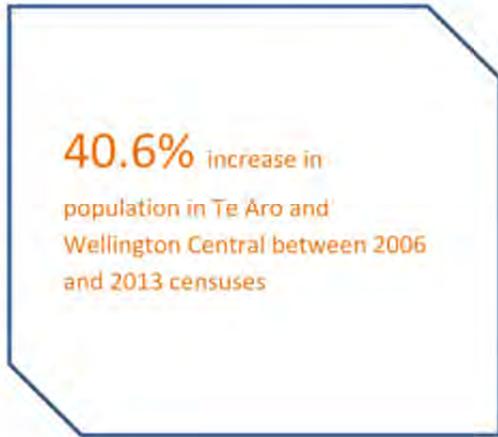
over the next 30 years.

Wellington's Urban Growth Plan aims to ensure that as the city's population increases, new houses, transport networks, infrastructure and services are developed sustainably and in areas that benefit the city the most so that residents continue to enjoy a world-class quality of life and:

- maintain the city's liveability – the features that support our high quality of life and the city's character
- keep the city compact, walkable and supported by an efficient transport network
- protect the city's natural setting – nested between our green hills and coastline, contributing to our distinctive character

- make the city more resilient to natural hazards such as earthquakes and the effects of climate change.
- instead of being a separate standalone strategy the Low Carbon Capital plan will form part of the early implementation of the Urban Growth Plan.

To continue reducing our city-wide greenhouse gas emissions we will maintain the compactness of our city as our population grows; and invest in our public transport network, footpaths and cycleways to reduce car use and car ownership and improve travel efficiency. We will continue to encourage low-emission economic development, building efficiency, water conservation and waste reduction.



*Long term goals:*

- Our building stock is more energy efficient due to improvements such as better insulation in homes, and more efficient lighting, cooling and heating systems in residential and commercial buildings.
- An increasing proportion of the energy we use to power the city's homes, buildings and transport comes from local renewable sources – wind, solar, tidal and wave energy, as well as biomass energy from waste.
- The city has a comprehensive network of natural assets – parks, gardens, coastline, Town Belt and reserves. Wellington City Council also has investments in PFSI (Permanent Forest Sinks Initiative) and ETS (Emissions Trading Scheme) forests. These help to support biodiversity, absorb carbon emissions, and form part of Wellington's green infrastructure.
- We use water more efficiently and minimise waste production.

- We manage the risk of sea-level rise and extreme weather events through mitigation and adaptation, including ensuring infrastructure can cope with these effects.
- Our planning documents reflect the risks associated with climate change, for example, controlling housing and infrastructure development in places susceptible to flooding, and areas prone to slips or coastal erosion.

*Draft implementation plan for 2016 – 2018*

**Investigate phasing out the Minimum Parking Requirement (MPR)**

MPRs are rules in District Plans that require developers to build a minimum number of off-street car parks with any new development – usually one or two parks per dwelling. While there is no MPR for developments within Wellington’s CBD, MPRs do apply across the rest of the city.

We propose exploring the phase out of the minimum parking requirement where it makes sense - starting in parts of the city where car ownership rates are already low and comparable to CBD levels.

Number of households with 2 or 3 or more cars has decreased between the 2006 and 2013 censuses

Around 1 in every 7 Wellington households already lives without a car. More than 10,000 households in total have no car, and this number rose by more than 1100 households since the last census. The highest concentration of no-car households is in the CBD and surrounding suburbs. We would prioritise looking at removing MPRs for these suburbs and increasing the provision of alternative transport choices. For some places, for example the northern suburbs, it is evident that the requirement is a necessity. But in places close to the CBD it may serve only to limit sustainable development potential which is undesirable given the city expects to add a minimum 50,000 more residents by 2043. It is also important to acknowledge the complex nature of MPRs and ensure that any decisions to remove them is done in full cognisance of the impact on other important transport modes such as public and active transport. For example MPRs may be necessary on arterial routes where parking competes for space with cycle lanes or bus lanes.

By phasing out this requirement we can enable greater transport choice and allow developers, both commercial and residential, to build parking as needed to meet demand rather than creating excess capacity with a compulsory regulation that incentivises car ownership over other transport choices. This has been the practice in Wellington’s CBD for

around 20 years, with positive development outcomes. Developers are already incentivised to provide adequate parking in order to maximise the value of their investment. However, with car ownership decreasing on a per-capita basis across the city, and with increasing numbers of Wellingtonians taking advantage of the growing range of alternative transport choices on offer, it makes sense to let the market define what the optimal use of any given space is; be it car parking or some alternate land use.

*When:* 2017/18

*Cost:* to be met from within existing budgets

### Continue the Smart Energy Challenge

Wellington City Council has been partnering with Enspiral and a range of other partners to deliver the Smart Energy Challenge. The Challenge brings to life smart energy projects that benefit Wellington and contribute to the city's liveability and sustainability to life. The challenge also engages Wellington's innovative social entrepreneurs and helps build capacity within the sector whilst at the same time providing practical support through dollar-for-dollar fund matching for successful projects.

Two Smart Energy Challenges have been successfully run to date resulting in initiatives such as Mevo – an EV car-sharing scheme to be launched in 2016 – and the Wellington Smart Building Challenge (see page 26). A Climathon event was also run the winner of which was



selected to present at the COP21 in Paris last year and placed second out of more than a hundred teams globally.

We are working with Enspiral to advance the next phase of the Smart Energy Challenge to continue to cultivate our local entrepreneur community and support the three pillars of this climate change action plan.

*When:* 2016/17

*Cost:* to be met from the existing Smart Energy Capital Fund (\$160k)

#### Investigate incentives for sustainable building solutions

With Wellington City's population set to grow by circa 50,000 residents over the next 30 years, and a focus on growth in the CBD, we want to ensure that effective incentives are in place for new building developers, and owners of existing buildings, to provide facilities which add to the sustainability of that growth.

Over the next two years, we will investigate what incentives, financial or otherwise, could be effective in ensuring the provision of services including, but not limited to, recycling and food waste collection, electric vehicle charging infrastructure, green roofs and access to building car-share schemes.

*When:* 2016-18

*Cost:* to be met from within existing budgets

#### Investigate alternatives for sewage sludge disposal

One of the practical challenges that a growing Wellington City will face is how to deal with accompanying increase in wastewater being treated and then sent to the Southern landfill as sewerage sludge.

The amount of sewerage sludge going to landfill has climate change implications in two respects - the greenhouse gas effects of the sludge itself; and the potential impact on the landfill's emissions-reducing waste



Page | 26

minimisation programmes given the requirement for every tonne of sludge to be mixed with four tonnes of municipal waste.

Wellington Water commissioned a Regional Biosolids Strategy in late 2015 to set a regional direction for management of the Biosolids generated by the four wastewater treatment plants that they manage. The Biosolids strategy considered a range of sludge treatment technology and potential end uses, in particular potential beneficial uses (such as disposal to land or energy recovery). In terms of timing any change in sewage sludge treatment at the Southern landfill would best line up with the expiry of the treatment plant operating contract in 2020. We propose working with Wellington Water to discuss options for the treatment of sewage sludge to reduce landfill emissions.

*When:* 2016 -18

*Cost:* investigations to be met from within existing budgets

#### Home Energy Saver

The Home Energy Saver scheme offers a free home energy audit to Wellington homeowners, landlords, and tenants. Following the audit participants are eligible for a 50% discount on certain energy saving products up to a limit in order to reduce their energy use and carbon footprint. Since 2011 more than 2000 homes have received upgrades through this program. We are currently in discussion with the provider of the scheme, Sustainability Trust, and Victoria University to carry out an evaluation of the scheme in order to ascertain its effectiveness in driving behaviour change when it comes to energy use.

*When:* 2016-18

*Cost:* \$60k per year – already funded through the 2015-25 Long Term Plan

### Warm Up Wellington

Warm up Wellington is a subsidiary of the Government's Warm up New Zealand (WUNZ) scheme. WCC in partnership with EECA, Sustainability Trust, Capital and Coast District

1,400 retrofits through the Warm Up Wellington program since 2011

Health Board, and Hutt Mana Charitable Trust provides insulation services to low-income homes. WUNZ is a three-year programme with a target of insulating 46,000 homes across New Zealand.

The programme targets households exhibiting, or at risk of developing, respiratory disease and other health conditions linked to poor housing.

Eligibility for the WUNZ programme is limited to households that:

- Householder or head tenant holds a Community Services Card and,
- someone living in the home is under 18 years of age or over 65, or
- someone living in the home has a housing-related health condition.

More than 1400 retrofits have been undertaken in Wellington City since 2011. Central government funding, which provides the bulk of the subsidy via EECA, expires at the end of June 2016. WCC's continued role in this area will be depend on whether or not EECA funding is extended beyond this financial year and we will be monitoring developments closely. We propose providing funding of \$60,000 for Warm up Wellington for the next financial year.

*When:* 2016/17

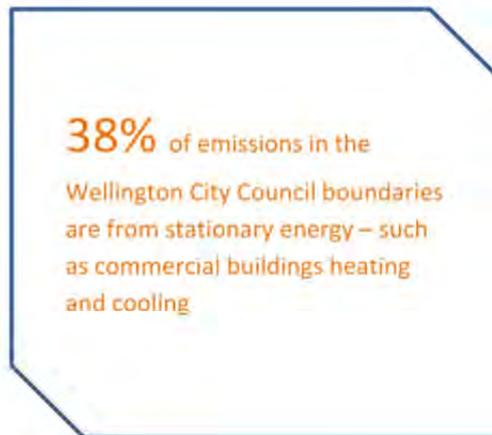
*Cost:* \$60,000

### The Smart Buildings Challenge

The Smart Buildings Challenge is a collaboration between Wellington City Council, EECA, Microsoft, Switch Automation, Vector AMS and the Energy Management Association of New Zealand to pilot an energy management tool for commercial building owners. The challenge aims to provide a user-friendly platform which enables building owners to manage and reduce their own energy costs whilst at the same time reducing the carbon footprint of Wellington's commercial building sector. We currently have 20 commercial buildings entered into the challenge including WCCs Central Library Building.

Challenge participants sign up to an aspirational goal of a 10% reduction in energy usage over the first year and work towards achieving NABERS NZ accreditation.

The Smart Buildings Challenge is a pilot and has funding through 2016/17. We will monitor the progress of the scheme and investigate opportunities to extend the programme to a larger number of building owners as well as their tenants.



*When:* 2016/17

*Cost:* to be met from the existing Smart Energy Capital Fund (\$160k)

### Solar Power

Currently residential solar does not have a large impact on emission reductions given New Zealand's already high levels of renewable electricity generation currently sitting at around 80%. Solar is also at its most effective during the day when electricity demand is lower. However, battery storage technology is rapidly improving and as it improves the potential for solar installations to help reduce the City's greenhouse gas emissions increases.

There are also co-benefits of promoting solar in Wellington City. Homes and businesses are more resilient if they have the ability to generate and store their own electricity in the event

Page | 29

of an outage. And in order to accommodate the desired uptake of electric vehicles across New Zealand we will need to increase electricity generation nationally so investment in solar could also be considered as investment in future EV charging infrastructure needs.

We propose looking for opportunities to increase the uptake of solar in Wellington by working with solar providers and utilities in both residential and commercial contexts.

*When:* Ongoing

*Cost:* To be met from within existing budgets

## 2. Changing the way we move

In order to meet Wellington's climate transport challenges we must make it easier for Wellington City residents to either not own a personal vehicle, or to own personal vehicles which operate on sustainable alternatives to fossil fuels.

Mobile emissions make up the largest segment of Wellington City's emissions profile. Having a high-quality diverse transport system is key to Wellington's economic, environmental and social success as well as meeting our climate change targets.



56% of emissions in the Wellington City Council boundaries are from transport.

Wellington has many existing advantages. The city is compact, many people work in the CBD, and we have a comparatively young, educated population who have demonstrated they are open to change and new transport experiences. We have a good public transport system, and car ownership is relatively low by national standards. Walking as a transport mode is very high (17 percent of journeys to work) by national and

international standards. There has also been a large recent rise in the number of people cycling despite a current lack of supporting infrastructure.

As a city we must recognise the important role our public transport system plays in moving people around the city and the wider region and increase availability and quality of service, foster the safe and convenient development of walking and cycling, and support the provision and uptake of car-sharing and ride-sharing services and disruptive technologies such as electric and autonomous vehicles.

### *Draft Implementation Plan 2016 – 2018*

#### **Support car sharing and electric vehicle charging**

Over the next three years we propose to identify up to 100 car parks citywide (suburbs 70%/CBD 30%), with an early focus on the CBD, to be made available based on demand for car-sharing operations, electric vehicle charging infrastructure, or any other service which reduces the need to own a car or makes it easier to shift to sustainable transport fuels. This kind of support is in line with support we offer to other providers of valuable transport options. Public transport and taxis enjoy substantial road space across the city, including in high-value areas, so we merely are looking to extend this provision to other services. This will also be done in an integrated way being cognisant of the impact on other important transport modes such as walking, cycling, and public transport.

These parks will only be offered where demand can be demonstrated. In the case of car sharing adding car share vehicles in the City could potentially free up parking space given recent research from Australia showing that for every car sharing vehicle in operation an average of 10 private vehicles are removed from city streets<sup>1</sup>. Research out of the USA shows as many as 15 can be removed.

We will also develop a policy (currently out for consultation in relation to car-sharing) to outline the conditions under which public spaces will be made available and the guiding principles for granting such access. This will be an enabling policy with a focus on reducing compliance and cost particularly for small start-up companies. In addition to the policy, guidelines will be drawn up to identify the level of subsidy needed to grow electric vehicle infrastructure and car-sharing take-up, and the point at which they no longer need subsidised Council car-parking.

#### **Car sharing**

Council has supported car sharing in one form or another since 2008. We will now look to accelerate that support to enable greater provision of car-sharing services across the city and particularly in the CBD. This will primarily be in the form of provision of parking spaces which will initially be free. It could also be through initiatives such as the Smart Energy Challenge. We propose to build on the learnings of the current car sharing trial and develop

<sup>1</sup> Philip Boyle & Associates, (2015), *The Impact of Car Share Services in Australia*, 7 January 2016

a strategy that is enabling, effective, and responsive to the needs of car share providers. We also propose working with other Councils to develop region-wide car-sharing capability.

*When:* 2016-18

*Forgone revenue:* up to \$150k by year three of the plan

#### Promote Electric vehicle uptake

Increasing the number of electric vehicles as a proportion of Wellington's transport fleet would have a significant impact on the city's greenhouse gas emissions. EVs also make sense for New Zealand given 80% of our electricity is currently generated from renewable sources. Cost remains a barrier to the uptake of electric vehicles; however prices continue to fall with an increasing number of products being made available in

"Electric vehicles can drive us into a cleaner, more sustainable energy future. The IEA has shown that if global warming is to be limited to 2 degrees, at least a fifth of all vehicles on roads by 2030 should be electric."  
- Fatih Birol, Executive Director of the International Energy Agency

the New Zealand market. As uptake of EVs increases so does the potential for a decent sized second-hand market at prices which rival those of conventional vehicles.

The other barrier to uptake of EVs is the lack of charging infrastructure around the city, particularly in the CBD, and in neighbouring cities in the Wellington region. This exacerbates "range anxiety" which may deter otherwise motivated car owners from going down the EV path. Wellington also has a higher than average number of residential properties without garages for overnight charging which makes provision of charging near place of work a specific challenge for Wellington City.

"Zero Emissions Vehicles will also reduce local air pollution in cities that is causing immense damage to health and the economy. The uptake of electric-mobility will be more feasible and also fruitful if cities adopt compact planning and measures to improve public transport."  
- Joan Clos, Executive Director UN-

As well as providing access to public spaces, including carparks, for the provision of EV charging infrastructure Council can also play a critical role in ensuring the consenting processes for the installation of chargers are as streamlined and affordable as possible.

Page | 33

We are currently working with a number of private sector partners and key stakeholders to progress this work with a view to producing an easy to understand guide for those looking to install chargers on public and private land within Wellington City, from the standard three pin socket (slow-charger) to the 50kWh fast chargers.

We will investigate removing the requirement for a resource consent for EV charging infrastructure right across the city. In order to facilitate the uptake of EVs by those without access to a garage it will also be important to investigate options for suburban on-street slow-charging.

We will also investigate the potential within council owned car parking buildings for low-cost EV standard chargers to immediately be introduced in order to get a basic level of public EV charging infrastructure into the CBD.

We will continue to work with Central Government, other councils, utilities providers, and other key stakeholders such as Drive Electric to progress the rollout of an integrated EV fast charging network across the country. By taking a leadership role in Wellington City we will then be in a position to share experiences and assist others to do the same.



*When:* 2016-18

*Cost:* Investigations to be funded from within existing budget

#### **Invest in active and public transport modes**

Wellington City Council in partnership with the New Zealand Transport Agency and Greater Wellington Regional Council will fund a significant expansion of our cycling and public transport network in the coming years. To make the most of the improved cycling network,

Page | 34

we will explore opportunities to establish a bike share scheme and identify public spaces that could be used to support such a scheme.

*When:* 2016-18

*Cost:* Investigations to be funded from within existing budget

#### **Advocating for lower fares across our Public Transport network**

Wellington City Council is aware of the critical impact public transport has on creating a balanced, low carbon, well-functioning transport network. We are also aware that while we don't control the public transport network we have a strong advocacy role to play for our residents; especially vulnerable users who rely on public transport because they have no alternative. We view public transport fares as one of the key areas of action because while Auckland Council recover just 44% of their operating costs through public transport fares, and Environment Canterbury just 38%, Wellington recovers 57% of their operating costs through public transport fares. Greater Wellington Regional Council analysis indicates that while residents of other territorial authorities are paying between 10-40c/km, residents of Wellington City are paying as much as \$.60-1.80/km. Given this imbalance, we believe we have a strong role to play in advocating for more reasonable fares across the Wellington City public transport network. We can't deliver on lowering fares ourselves but will continue to work with Greater Wellington Regional Council to explore the possibilities through programmes like our discounted public transport fares piloted over the past Christmas period.

#### **Advocate for greater support for the development of biofuels**

New Zealand is uniquely placed to be able to produce ample sustainably produced bioenergy to begin replacing both solid and liquid fuels across the country. With adequate support from central government it could also create opportunities for greater carbon offsetting through forestry.

Recently biofuel production has been a source of contention globally with concerns raised around the displacement of food sources, impacts on biodiversity, and the carbon footprint

Page | 35

of some forms of biofuel. New Zealand is in the fortunate position of having forestry and agricultural sectors which produce waste by-products which could be used for sustainable biofuel production, as well as substantial potential for planting new forests to supply a growing biofuel industry.

The private sector is beginning to act in this area in spite of little government support. Z Energy recently announced the construction of a biofuel plant that will run on beef tallow as a feedstock. Air New Zealand and Virgin Australia recently released a request for information to the market to try and support the creation of an Australasian biofuel market for jet fuel. This is a great start and greater central government support could progress the sector even further.

An effective price on carbon through the emissions trading scheme as well as regulatory or financial support from central government for greater biofuel production presents one of the greatest opportunities to make a meaningful difference in Wellington's emissions profile. Council will continue to advocate to Government for progress to be made in this area.

## 3. Leading by example

Wellington City Council owns, manages, and provides a range of services that directly or indirectly produce greenhouse gas emissions. The main sources of emissions for Council operations are landfills and the energy used in our offices, pools, water treatment and pumping, street lighting and vehicle fleets. Wellington City Council continues to deliver an energy data monitoring and energy management programme through our Energy Manager. In this climate change action plan we propose to build on this work and take it to the next level.

Wellington City Council currently has a target of a 40% reduction in emissions by 2020 and an 80% reduction by 2050. As we have reset our baseline year to 2014/15 it will be extremely difficult to achieve a 40% reduction in less than four years. However we are on track to meet our 2050 target. We propose to reset our interim targets using the comprehensive data now available to us through our CEMARS accreditation.

### *Draft Implementation Plan 2016 – 2018*

#### **CEMARS certification**

Wellington City Council achieved CEMARS certification in December 2015. Certification means that we can now have confidence that the data we collect is accurate and comprehensive which for the first time gives us an exact measure of how we are performing as an organisation in reducing our greenhouse gas emissions.

Now that certification has been achieved we move to the next phase of CEMARS and will be setting emission reduction targets for the next five years across Council and CCOs for all major emission sources. These will be audited annually to monitor progress leading up to our next full audit in 2020. This enables us to start measuring our energy and greenhouse gas emissions reduction progress against this original audit or 'baseline year' and make more informed decisions about our energy management and emissions reduction work programmes.

"Council is showing what can be done and now has the opportunity to inspire and influence suppliers and other organisation's to reduce their emissions."

- Dr. Ann Smith, Chief Executive of Enviro-Mark Solutions (CEMARS)

*When:* Ongoing

*Cost:* \$30k per year

14% potential energy savings identified since CEMARS certification through the energy management programme

#### Invest in energy savings across the business

Wellington City Council is fortunate to have strong energy management capability with significant savings already being made despite no dedicated budget. We propose to invest in energy savings across the business over the next three years to take this to the next level. Projects have been identified which could result in significant energy savings and greenhouse gas emission reductions with short payback times. We propose developing a business case over the next year for an energy management budget that would allow these larger energy saving projects to proceed. In the meantime we

Page | 38

propose allocating \$75,000 for the next financial year in order for work on these initiatives to begin.

We will also implement an Energy Management Strategy to reduce energy costs, optimise systems, and reduce emissions.

*When:* 2016/17

*Cost:* \$75,000

### Council Vehicle Fleet

Wellington City Council currently has one fully electric vehicle in its fleet of 197 vehicles as well as four hybrids.

Council vehicles, on average, do not have extended driving profiles that would normally restrict the use of EV or alternate fuel vehicles. However, these vehicles currently attract an approximate 25% cost premium when compared to equivalent diesel or petrol cars, and whole life and residual value analysis is not readily available for these vehicles.

Current policy states that if alternative fuel vehicles are to be considered then these should be subjected to the same base analysis that current vehicles are assessed against. EV would require infrastructure changes to incorporate base charging facilities as well as battery replacements (recommended after six to eight years) when considering the overall whole of life cost analysis of these vehicles.

Where appropriate and practical, and in conjunction with the Council's ongoing commitment to lower its carbon footprint, Council will look to increase the percentage of its fleet that use alternative fuels and EV technology for its 'Type 1 - small car' and 'Type 2 - large car'

**1** current number of fully electric vehicles in the Wellington City Council's vehicle fleet

vehicles, and evaluate the new range of electric vehicles coming on stream over the next few years.

We will also be reducing the size of our light vehicle fleet and encouraging staff to walk, cycle, or take public transport.

We will also investigate over the coming year the potential for car-sharing to be incorporated into Council staff vehicle use.

*When:* Ongoing

*Cost:* To be met from within existing budgets

#### Deliver "Love Food, Hate Waste" with national partners

The average New Zealand household throws away \$563 worth of food every year because they buy too much, do not store it properly or do not use it well. While some is composted,



most of the food ends up as organic waste in landfills adding to our greenhouse gas emissions. Households are responsible for 61 per cent of the country's food waste with supermarkets responsible for 7 per cent.

WasteMINZ, the waste sector industry body, is set to formally launch an anti-food waste campaign "Love Food, Hate Waste" in 2016. Wellington City Council will be delivering this education programme along with 56 other councils around New Zealand.

A similar campaign in England has reduced household food waste by approximately 20 percent since its launch in 2007. Such a reduction would amount to thousands of tons less organic waste for Wellington City, and would reduce our corporate emissions.

We will also be looking for any opportunity to build off of the “Love Food, Hate Waste” campaign and further reduce the amount of food needlessly going to landfill.

*When:* Ongoing

*Cost:* To be met from within existing budgets

#### Procurement

Wellington City Council’s Procurement Policy includes measures to support sustainable business practices and minimise adverse environmental impacts of procurement decisions.

Under standard templates, bidders are asked to supply information about their environmental/sustainability policies, strategies, and targets, including steps being taken to reduce greenhouse gas emissions.

The Council’s Travel Information Handbook for staff prescribe the purchase of offset units to cover emissions associated with international air travel outside of the European Union, as these emissions are not covered by either domestic or international emissions trading legislation. The cost of offsetting is treated as part of the overall trip costs.

We will look for further opportunities to green the Council’s supply chain by monitoring the best available information regarding the sustainability of goods and services being purchased and potentially using new tools available to us under CEMARS.

*When:* Ongoing

*Cost:* To be met from within existing budgets

#### Driving staff behaviour change

The enormous challenge of addressing climate change can be overwhelming. Individuals often feel as though the problem is so huge that it can only be solved by governments or large organisations. However there is much we can all do in our day to day lives to reduce our own carbon footprints and collectively have a major impact on greenhouse gas

emissions. What is currently lacking is simple and accessible information to inform those decisions.

We will develop an in-house education programme designed to challenge and inform Wellington City Council staff and drive behaviour change. As a part of this education programme we propose developing an individual carbon calculator that would allow the user to calculate their personal carbon footprint and measure the impact of various potential lifestyle changes.

Our staff are also a potentially valuable resource for identifying wasteful practices and proposing energy-saving ideas. We will investigate ways to tap into this resource and develop mechanisms for feeding such information back to our Energy Manager.

*When:* Ongoing

*Cost:* To be met from within existing budgets

#### **Making maximum use of the levers we do have**

Council has substantial legal powers in areas like encroachments and bylaws. Where possible, Council will investigate aligning these tools to our goals with respect to climate change. Of particular note are areas like road reserve encroachments for garages, where we can be more permissive with encroachments provided infrastructure like electric vehicle charging stations will be installed. Council will investigate where and how these tools can be best employed, and implementing changes where opportune.

*When:* Ongoing

*Cost:* To be met from within existing budgets

#### **Carbon management policy and forestry**

Wellington City Council produced a Carbon Management Policy in 2011 to guide management of the Council's greenhouse gas emission liabilities from landfill and holdings

Page | 42

under the New Zealand Emissions Trading Scheme (ETS) and the Permanent Forest Sinks Initiative (PFSI).

With major changes to the NZ ETS expected to be implemented over the next few years the price of carbon is likely to be highly volatile which will impact both the level of our liability and the value of the units we have earned through our forests or purchased to meet landfill obligations. An implementation plan for our Carbon Management Policy is currently being developed which will guide decisions in respect of all carbon unit activity and manage any financial risks.

35,000 emissions trading  
scheme units generated per year.

328,000 emissions trading  
scheme units banked.

We will continue responsibly managing our forests to reduce fire risk and continue our work to control browsing pest animals (such as possums or goats) to enable increased native regeneration and therefore increased carbon sequestration.

*When:* Ongoing

*Cost:* To be met from within existing budgets

#### Improving Consideration of Climate Issues

Currently, all policies, investments and actions that the council takes must be evaluated to determine whether or not there are climate change implications. We propose reviewing this practice to ascertain its effectiveness and identify any difficulties or barriers to accessing the required information to accurately evaluate climate change implications and whether there is currently the adequate resourcing to do so.

*When:* 2016/17

*Cost:* To be met from within existing budgets

## Glossary

|  |   |
|--|---|
| 21 <sup>st</sup> Conference of the Parties                   | The Conference Of the Parties (COP21) was the 21 <sup>st</sup> annual meeting of international governments to address climate change held in Paris in December 2015.  |
| Base year  | The year off which targeted reductions are based – the baseline year of emissions.  |
| Carbon credits/units   | Emission units are often referred to as carbon credits, allowances or offset credits. An emission unit can represent one metric tonne of carbon dioxide itself, or the equivalent of any other greenhouse gas (carbon dioxide equivalent or CO <sub>2</sub> equivalent). The type of emission unit used in New Zealand to comply with the emissions trading scheme is called the New Zealand Unit or NZU. |
| Carbon sequestration   | Sequestration occurs when carbon is removed from the atmosphere either through natural (forest), preventative (carbon capture) or engineering means.  |
| Certified Emissions Management And Reduction Scheme (CEMARS) | An Enviro-Mark solutions scheme for measuring council or corporate emissions that audits emissions and holds participants accountable for meeting targets in greenhouse gas reductions.   |
| Climate change adaptation                                    | Actions that reduce or address the vulnerability to long term impacts of climate change increasing the ability to survive and thrive in the face of potential climate change impacts.   |
| Climate change mitigation                                    | Actions that reduce the amount of overall greenhouse gas released in the atmosphere reducing the potential impact of climate change.  |
| Climate-KIC (Knowledge Innovation Community)                 | A European-initiated public-private partnership created by the EU to develop climate mitigation and adaptation ideas.   |
| Climathon  | A council-sponsored idea accelerator to develop climate-friendly initiatives that was run globally in concert with Climate-KIC climathons in other cities.  |
| Coastal impacts  | The climate change impacts that are felt in coastal areas, including sea levels rising, saltwater intruding into water supplies, and damage to coastal infrastructure.  |
| Compact of Mayors  | A global agreement of mayors to mitigate the impacts of climate change by reducing their greenhouse gas emissions.  |
| Corporate emissions  | Emissions released by Wellington City Council as an organisation rather than emissions released within the city's boundaries.   |
| ETS (Emissions Trading Scheme)                               | A NZ Government mechanism which creates a trading market resulting in a price on carbon. Some participants are emitters (e.g. industry) and are therefore required to surrender units for their emissions. Others are producers (e.g. forestry) and sequester or remove carbon from the atmosphere. Wellington City Council is both an emitter and a producer.  |
| Green roof   | A roof sown with a number of plants for a variety of reasons  |

|   |  |
|---|--|
|   | ranging from water management to building heating and cooling.   |
| Greenhouse emissions                                      | Greenhouse emissions are gases that when released into the atmosphere accumulate and trap heat raising the overall temperature.  |
| Greenhouse gas emissions inventory                        | An assessment of the total emissions released in the city or released by the council.  |
| Home energy audit   | A two-hour session with an energy efficiency expert to assess a home for energy efficiency ranging from shower flow to lighting quality to window sealing.   |
| Intergovernmental Panel on Climate Change / IPCC          | A multinational panel of scientists convened to study climate change by the United Nations at the request of member governments. Have recently released their fifth report on climate change.  |
| Mobile Emissions  | A sector of emissions that are released from mobile sources such as cars, trucks, aircraft and ships.  |
| MPR(Minimum Parking Requirement)                          | A requirement that developers of residential and commercial property include a certain amount of parking based on the number of dwellings or based on floor space.   |
| NABERS NZ accreditation                                   | A building accreditation framework which certifies buildings for high performance in relation to energy efficiency.  |
| Offsetting  | Emissions can either be reduced directly or offset. Offsetting is a practice whereby carbon sinks – such as forests – are planted to offset the impact of an emissions source.   |
| PFSI (Permanent Forest Sinks Initiative)                  | A NZ Government programme to create permanent forests that then yield carbon credits by planting or re-planting land.  |
| Range anxiety   | Range anxiety describes one of the key barriers individuals have expressed to buying an electric car – worries driven by the fact that electric cars have a relatively short range before needing a recharge relative to their petrol-driven counterparts. |
| Rockefeller Foundation 100 Resilient Cities Network       | A city membership network funded by the Rockefeller foundation. It aims to assess and increase resilience to shocks and stresses through funding resilience staff and initiatives in 100 member cities.  |
| Shocks and Stresses                                       | Shocks – intense and immediate negative impacts on a city or area like earthquakes or severe storms.   |
| Smart Buildings Challenge                                 | A council-driven building energy efficiency challenge where commercial building owners sign up to data analysis tools and commit to reducing energy use by 10% over one year.  |
| Smart Energy Challenge                                    | A council-driven business idea accelerator to bring blue-sky climate ideas to Wellington using crowdfunding and mentoring.   |
| Stationary Energy   | A sector of emissions that are released from buildings or other non-mobile sources – such as from heating, lighting or cooling buildings.  |
| tCO <sub>2</sub> e / Tonnes of CO <sub>2</sub> Equivalent | Either direct carbon dioxide emissions or emissions of another greenhouse gas expressed in equivalence to the impact of released carbon dioxide.   |

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|-----------------------------------|--|
| Wellington 2050 Energy Calculator | A tool developed by the council that allows individuals to develop emissions reduction pathways based on 31 variable actions in order to meet our 2050 emissions reduction target. |
|-----------------------------------|--|

Have your say

The date for engagement and consultation on Annual Plan 2016/17 is from 29 March to 29 April 2016 at 5pm

*Make a submission*

You can email submissions to: [BUSAnnualPlan@wcc.govt.nz](mailto:BUSAnnualPlan@wcc.govt.nz)

Alternatively, you can mail submissions to:

Attention: Neil McInnes  
Wellington City Council  
101 Wakefield Street  
Wellington

Finally, you can visit the website to participate at: <http://wellington.govt.nz/have-your-say/consultations>

*Consultation questions*

1. Do you support Wellington City Council's aspiration to be the "low carbon capital"?
2. Will the activities proposed in the draft Low Carbon Capital plan contribute to a meaningful reduction in emissions? If not, what else could be done?
3. Do you agree with the recommended emission reduction targets for the city?

2020: 10% reduction

2030: 40% reduction

2040: 65% reduction

2050: 80% reduction

*Council decision*

The Council proposes to make a decision on this proposal in June 2016.

### **Proposal summary**

The **Karori Sanctuary Trust Board** (which trades as **Zealandia**) has expressed to the Council a desire to address balance sheet pressure and amend its governance arrangements. These discussions began soon after the appointment of the current Trust Board in 2012 and have progressed to a formal proposal from the Trust Board to the Council's Chief Executive.

The Trust has proposed that the Council purchase the Visitor Centre building to allow the Trust to repay its \$10.34 million loan to the Council. If approved, the transaction results in a \$10.34 million capital spend not currently budgeted in the 2015–25 Long-term Plan but does not increase the Council's current debt funding requirement. This capital spend would be considered as part of the 2016/17 Annual Plan deliberations. The proposal would also result in a non-cash gain of \$5.6 million, as a result of the write-up of the loan in the Council's balance sheet.

The proposal requires that the Trust will maintain the building. The transaction is largely neutral, ie the interest cost of the loan is unchanged in the exchange for the building. However, the Council's policy is to rates fund depreciation. This would result in an additional \$260,000 per annum from 2016/17 in rates funding requirement to fund depreciation on the Visitor Centre building.

In considering the next generation of the Trust's development, and in the context of the proposed sale of the Visitor Center to the Council, the Trust has proposed that the Guardians provide nominations to the Council for future board appointments while the Council will have the ability to appoint future board members. The Trust Board unanimously and firmly believe that having the Guardians involved in nominations for the future Trust Board members with the Council appointing the future Trust Board members is a positive step for Zealandia, both in terms of its future governance and in responding to the relationship with Wellington City Council. The Guardians, by majority, are willing to approve these changes.

If approved, this would change the designation of the Trust, in terms of the Local Government Act 2002, from a Council organisation to a Council-controlled organisation.

The Deed of Amendment and a Memorandum of Understanding that would document the nominations and appointments process have been drafted. Both the Trust Board and the Guardians are in agreement that the documentation is ready for signing if the proposal is approved by the Council.

### **Background information**

The Trust was established in 1995 (and is governed) by the Trust Deed of the Karori Sanctuary Trust as amended by unanimous decisions of the Trust Board on 21 April 1998, 16 February 1999, 17 October 2007, 25 June 2009 and 21 December 2012.

In 2012 the Trust sought additional funding from the Council, which was granted subject to a review of the Trust's governance and management structures. The financial contribution by the Council to funding the activities of the Trust is \$1.55 million per annum, comprised of an \$875,000 operating grant, \$640,000 interest-free loan and \$35,000 other costs.

Changes to the Trust Deed in 2012 were agreed between the Trust Board and the Council as a result of the review process referred to above. Since then, the Trust Board has overseen a turnaround in the operational and financial performance of Zealandia and the business is now trending positively under capable and experienced management.

The formal proposal put forward by the Trust advises the Council that it does not anticipate that it will be in a position to repay its loan and expects that its liabilities will soon exceed its assets as a result of depreciation, causing the book value of the Visitor Centre to diminish annually.

The Trust has proposed that the Council purchase the Visitor Centre building in return for the Trust repaying its \$10.34 million loan. The 25-year limited recourse loan was to fund the building of the Visitor Centre at Zealandia and was intended to be repaid by 2040 via the Trust's "surplus funds", if

any. Since the loan was advanced in 2007, the Council has not received any repayment of the loan by the Trust.

In April 2015 the Trust celebrated its 20th anniversary since its establishment. The Trust Board and Guardians are now looking at the next phase of the Trust's evolution and the opportunities and challenges this will bring. The Guardians have indicated their willingness to approve the Trust Deed changes.

In considering the next generation of the Trust's development and in the context of the proposed sale of the Visitor Center building to Council, the Trust Board has proposed a refinement to the future appointments process for the Trust Board. The Trust has recommended that the Guardians provide nominations to the Council for future board appointments while the Council appoints future board members. The Guardians have indicated their willingness to approve the Trust Deed changes.

This refinement to the Trust's governance framework is considered by the Trust Board to provide a more cohesive structure for the future governance of the Trust and to give the Council full confidence in the future governance of the Trust. It will also further strengthen the operating partnership between the Trust and the city. The proposal does not bind the Council to appoint the Guardians' nominees but to engage the Guardians in the process of appointing the future board members. This process has been agreed with the Guardians and will be documented by way of a Memorandum of Understanding between the Guardians and the Council.

### **The Trust's proposal to the Council**

The Trust Board has made a proposal to the Council that has two parts that are intended to strengthen the Trust's balance sheet and its governance framework.

#### Visitor Centre

The Trust Board has advised the Council that it cannot foresee the Trust being able to repay its \$10.34 million loan from Council. The Trust proposes that the Council acquire the Visitor Centre building in consideration of the amount of its loan to the Trust, which would be repaid under this arrangement.

Depreciation on the Visitor Centre building and exhibition is forecast to cause the Trust's equity to become negative by the year ended 30 June 2018 and the Trustees are concerned that this is an unsustainable situation, which will be unhelpful for both the Trust and the Council.

The Government's \$6.5 million investment in the construction of the Visitor Centre was made pursuant to a Crown Significant Community Based Project Grant Agreement. The Trust Board has communicated with the Department of Internal Affairs in relation to the potential sale of the building and has confirmed that there will be no negative financial consequences for the Trust in relation to the sale of the building to the Council.

#### Governance

At present the Trust Board consists of a minimum of five and a maximum of seven people. The Council has the right to appoint up to two Trust Board members. The Guardians have the right to appoint three Trust Board members. Up to two additional board members may be co-opted by the Trust Board.

After careful evaluation of the Trust's long-term sustainability, the Trust Board developed the view that a change to the appointment processes for the Trust Board would advantageously strengthen the relationship with the Council while retaining a significant and distinctive role for the Guardians.

Under the Trust's proposed amendments to the Trust Deed, the Guardians shall be entitled to participate in the appointment of the future Trust Board members via a nominations process with the Council. The Council will appoint the future Trust Board members either from the Guardians' nominees or via the Council's existing board appointment processes.

This is intended to minimise any potential divisions or “us and them” that could develop in future between Council appointees and Guardian appointees under the current arrangements. The Trust Board believes this will provide a stronger and more cohesive framework for the future governance of the Trust and, if required, the Guardians are willing to approve the Trust Deed changes. The Trust Board also believes that the governance changes will help forge a deeper operating partnership between the Council and the Trust, reflecting the Trust’s position as an essential part of the city’s natural infrastructure, which serves the city’s strategic aims.

The proposed amendment to the Trust Deed would allow the Guardians to provide nominations for the future Trust Board members with Council having the ability to appoint the future Trust Board members. If approved, this would change the designation of the Trust, in terms of the Local Government Act 2002, from a Council organisation to a Council-controlled organisation.

Under the Trust Board’s proposal, the Trust Board shall still consist of a minimum of five and maximum of seven people, with up to six appointed by the Council and up to two people co-opted by the Trust Board. This responds to the Guardians’ request that the Trust Board not be permitted to reach up to nine members but retains the Trust Board’s ability to co-opt members, if required, in consultation with the Council.

## **Stakeholders**

### The Council:

The Council is the most significant financial stakeholder in Zealandia, with a current annual contribution of approximately \$1.55 million (or \$15.5 million during the course of the Council’s 2015–25 Long-term Plan). Over the course of the Long-term Plan, the average annual cost to the Council is comprised of an operating grant of \$875,000 plus interest totalling approximately \$640,000 and other costs of \$35,000.

The Council is likely to remain committed to this activity for the long term and this is recognised in the 2015–2025 Long-term Plan. The current grant funding recognises that there is no long-term future for Zealandia that does not involve an ongoing and material financial commitment to the Trust by the Council.

### Members and volunteers:

The other financial stakeholder in Zealandia is its membership base of approximately 10,000 individual members, which earns the Trust revenue of approximately \$280,000 per annum. In addition, a loyal base of over 400 volunteers holds a meaningful in-kind stake in Zealandia. The Zealandia volunteers contribute their time to the conservation and restoration work that underpins the sanctuary’s existence. Zealandia also recognises three Patrons who were involved in its establishment.

The proposal has been communicated openly to the membership and volunteers by the Trust Board and was discussed extensively with the Guardians. In developing its proposal the Trust Board has considered what, if any, future impact the proposed changes could have on gaining and retaining the long-term support of volunteers and members. The Trust Board believes that the proposal supports the continuation of the Trust as a flourishing community enterprise, which actively seeks and fosters community support and participation through membership and volunteering.

The Trust also believes that the members and volunteers understand and value its close working partnership with Wellington City Council as an enduring feature of the Trust’s future.

### The Guardians:

Seven Guardians are appointed in accordance with clause 10.4 of the Trust Deed, with four representatives elected by Zealandia members, and appointments made by Victoria University of

Wellington, Wellington City Council and the Wellington Tenth Trust. The main role of the Guardians is to safeguard the founding vision and strategic direction of the Trust, appoint up to three trustees to the Trust, and provide advice to the Trust, but not to have any role in the decisions concerning the day-to-day management of the Trust.

The Trust Board's proposal, which has the approval of the Guardians, will replace the Guardians' appointment role (for three trustees) with the role of providing nominations to the Council for all trustees.

Management and staff:

The Trust Board believes that there will be broad support for the steps that ensure the Trust's continuing sustainability and capacity to work towards its 500-year vision, and notes that the Trust's management and staff is supportive of the proposal.

### **The Loan from the Council to the Trust**

A Funding Deed details the background and contains the terms of the \$10.34 million interest-free non-recourse loan, including its repayment. The Funding Deed protects the Council's loan and clearly outlines the obligations of Trustees in terms of business planning and reporting. It also contains the powers for the Council to terminate the loan and the actions required for it to take ownership and control of the Visitor Centre.

Since the loan was advanced in 2007, the Council has not received any repayment of the loan by the Trust.

In the Council's financial statements to 30 June 2015, the Council's loan to the Trust has a nominal value of \$10,346,689 and is recorded in the Council's financial statements to 30 June 2015 at a fair value of \$4,675,000.

Generally Accepted Accounting Principles (GAAP) requires that the fair value movement on loans reflects the timing of their expected repayments and the interest-free nature of the loan. Over the remaining life of the loan, the fair value will be amortised back up to its full nominal value. This loan is currently scheduled to be fully repaid by the end of 2040.

### **The Visitor Centre**

The Visitor Centre is a three-level building that was completed in 2009. It has a prominent raking glazed external wall to the western side. The lower level comprises the main entry with stairs and a lift providing access to the top two levels. The middle level accommodates the reception/ticketing area, retail shop plus main exhibition level. The top level has Rata Café to the southern end, featuring a balcony to the western side, together with the balance of the exhibition space at the northern end, which is also now usable as a seminar and functions space.

It is proposed that the Council will purchase the building for \$10.34 million (the value of the loan it is owed by the Trust). The Council will not purchase the chattels or building fit out (eg the retail fittings, the Rata Café fit-out or the exhibition). The chattels will continue to be owned, maintained and renewed by the Trust.

It is proposed that Zealandia's continued occupation of the Visitor Centre will be covered by way of a contract for services and that Zealandia will have continued occupation of the Visitor Centre based on the Trust maintaining its contract for services (ie still delivering the services that Zealandia currently delivers) at a peppercorn rental.

Under the Trust Board's proposal, Zealandia will meet the annual maintenance costs of the Visitor Centre. The Council has commissioned a condition assessment of the building to determine the expected maintenance and renewals programme for the building. The draft condition assessment indicates that the average maintenance costs for the Visitor Centre over the next 10 years is \$65,000 per annum.

The arrangement between the Council and the Trust as to how the annual maintenance is paid has not been finalised. The options are either:

- the Council meets the annual maintenance costs under its normal facilities maintenance contract with one of the Council's suppliers and the Trust reimburses the Council for the annual cost (eg via a deduction from its operating grant), or
- the Trust engages the same contractor on the same terms and pays the maintenance costs directly.

This detail will be finalised on the basis that the maintenance costs will be borne by the Trust.

The cost of building insurance that will transfer from the Trust to the Council as a result of the proposed purchase will also be borne by Zealandia in the same way as the building maintenance discussed above. Again, the mechanism for payment will be finalised in due course.

The capital renewals costs of the Visitor Centre will be funded by the Council and the resultant depreciation is discussed below under Financial Impact of the Proposal.

### The Trust Deed

The Trust's proposal is to amend the Trust Deed and establish a mechanism that allows the Guardians to nominate the future Trustees for appointment to the Board, while giving the Council the right to make the appointments to the Board from the Guardians' nominees or other Council appointment processes.

The Deed of Amendment and a Memorandum of Understanding that would document the nominations and appointments process has been drafted. Both the Trust Board and the Guardians are in agreement that the proposed documentation is ready for signing if the proposal is approved by the Council.

The proposed governance changes would result in the creation of a Council-controlled organisation (CCO) in terms of Section 56 of the LGA 2002, which requires public consultation that may be undertaken as part of the annual plan.

### Discussion

#### The Trust's Forecast Financial Position

| Statement of Financial Position | Actual     | Forecast*  | Forecast*  | Forecast*  |
|---------------------------------|------------|------------|------------|------------|
|                                 | 30-Jun-15  | 30-Jun-16  | 30-Jun-17  | 30-Jun-18  |
| Total assets                    | 15,366,000 | 13,024,000 | 11,924,000 | 10,861,000 |
| Total liabilities               | 11,403,000 | 11,306,000 | 11,248,000 | 11,147,000 |
| Equity                          | 3,963,000  | 1,718,000  | 676,000    | (286,000)  |

\*Source: 2015-16 Statement of Intent

At the current rate of depreciation the Trust's equity will erode from approximately \$3.9 million as at 30 June 2015 to negative during the financial year ended 30 June 2018. This outcome can be predicted with a relatively high level of certainty and was forecast in the Trust's 2015-16 Statement of Intent.

The table below sets out a forecast financial position based on the proposed building sale and loan repayment occurring during the financial year ended 30 June 2017.

| Statement of Financial Position | Actual     | Forecast   | Forecast  | Forecast  |
|---------------------------------|------------|------------|-----------|-----------|
|                                 | 30-Jun-15  | 30-Jun-16  | 30-Jun-17 | 30-Jun-18 |
| Total assets                    | 15,366,000 | 13,024,000 | 5,736,000 | 5,749,000 |
| Total liabilities               | 11,403,000 | 11,306,000 | 875,000   | 871,000   |
| Equity                          | 3,963,000  | 1,718,000  | 4,861,000 | 4,878,000 |

The Trust expects to be able to meet the future maintenance costs of the building (average \$65,000 per annum over the next 10 years). The Trust's draft 2016/17 Statement of Intent forecasts an average net surplus before depreciation of just over \$300,000 for the years ended 30 June 2017 to 2019. The Trust's forecast net surplus before depreciation for the current year ended 30 June 2016 is \$320,000.

#### Financial Impact of the Proposal

If the Council chooses to take on the ownership of the Visitor Centre, then it is appropriate for the Council to start funding the depreciation of the asset. Funding depreciation would increase the Council support for this conservation activity by approximately \$260,000 in 2016/17. It would ultimately reduce the overall financial burden on Zealandia.

The tables below compare the 2015–25 Long-term Plan (LTP) funding to the indicative funding under this proposal.

#### Current LTP Funding

| Account          | 000s         |              |              |              |              |              |              |              |              |              | LTP Total     |
|------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
|                  | 2016         | 2017         | 2018         | 2019         | 2020         | 2021         | 2022         | 2023         | 2024         | 2025         |               |
| Grants           | 875          | 875          | 875          | 875          | 875          | 875          | 875          | 875          | 875          | 875          | 8,750         |
| Insurance        | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 8             |
| Depreciation     | 21           | 21           | 21           | 20           | 20           | 20           | 20           | 20           | 20           | 20           | 204           |
| Rates expense    | 13           | 13           | 13           | 14           | 14           | 14           | 15           | 15           | 16           | 16           | 142           |
| Interest expense | 581          | 623          | 623          | 623          | 654          | 654          | 654          | 675          | 675          | 675          | 6,436         |
| <b>Total</b>     | <b>1,490</b> | <b>1,532</b> | <b>1,532</b> | <b>1,532</b> | <b>1,564</b> | <b>1,564</b> | <b>1,565</b> | <b>1,586</b> | <b>1,587</b> | <b>1,587</b> | <b>15,539</b> |

#### Proposed LTP Funding Impact

| Account          | 000s         |              |              |              |              |              |              |              |              |              | LTP Total     |
|------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
|                  | 2016         | 2017         | 2018         | 2019         | 2020         | 2021         | 2022         | 2023         | 2024         | 2025         |               |
| Grants           | 835          | 835          | 835          | 835          | 835          | 835          | 835          | 835          | 835          | 835          | 8,350         |
| Insurance        | 41           | 42           | 43           | 44           | 45           | 46           | 47           | 48           | 50           | 51           | 456           |
| Depreciation     | 21           | 288          | 288          | 288          | 288          | 288          | 288          | 288          | 288          | 288          | 2,612         |
| Rates expense    | 13           | 13           | 13           | 14           | 14           | 14           | 15           | 15           | 16           | 16           | 142           |
| Interest expense | 581          | 615          | 599          | 583          | 595          | 578          | 561          | 561          | 544          | 526          | 5,742         |
| <b>Total</b>     | <b>1,490</b> | <b>1,792</b> | <b>1,778</b> | <b>1,763</b> | <b>1,776</b> | <b>1,761</b> | <b>1,746</b> | <b>1,748</b> | <b>1,732</b> | <b>1,716</b> | <b>17,302</b> |

It is proposed the building purchase and loan repayment transactions occur in the 2016/17 financial year.

If the proposal is approved, a non-cash gain of \$5.6 million will be recognised. As the transaction is non-cash, it will be journalled in the financial statements for both parties.

The fair-value adjustment to the loan equates to \$5.6 million, as the value of the loan has previously been written down to reflect the net present value as repayment expectations have been extended.

The treatment of this transaction is in line with current Generally Accepted Accounting Principles (GAAP).

#### Governance

The Trust's proposal is designed to refine how the Trust's board appointments are made and to give Council full confidence in the Trust's long-term future governance.

The governance leg of the transaction will:

- give the Guardians the right to make nominations to the Council for up to six board appointments
- give the Council the right to appoint up to six members of the Trust Board (currently the Council appoints a minority of the Board).

The Trust Board can co-opt up to a further two members under special circumstances and in consultation with the Council. This feature exists in the current Trust Deed.

The proposal is considered by both the Trust Board and the Guardians to provide a cohesive framework that will ensure that the best possible governance for the Trust is achieved. It will leverage the capabilities and networks of all stakeholders, while giving the Council an appropriate level of confidence in the Trust's long-term future governance. The Guardians are willing to approve the Trust Board's intended changes to the Trust Deed.

The practicalities of how the Guardians will work with the Council's appointments processes has been discussed with the Trust Board and the Guardians and refined with input from both parties. It is to be documented by way of a Memorandum of Understanding between the parties.

The proposed Deed of Amendment that gives effect to the Trust's proposal has been reviewed by Council officers, the Trust Board and by the Guardians, and all parties are in agreement and, if approved, are ready to sign the Trust Deed amendments.

#### Council-controlled organisation

A consequence of the governance leg of the Trust Board's proposal would change the status of the Trust from a Council organisation, where the Council has a minority influence, to a Council-controlled organisation (CCO), where the Council has overall governance control.

The Trust Board unanimously and firmly believes that having the Guardians involved in nominations of the future Trust Board members, with the Council appointing the future Trust Board members (aside from co-opted members as required) is a positive step for Zealandia, both in terms of its future governance and in responding to the relationship with Wellington City Council. The Guardians, by majority, are willing to approve these changes.

The creation of a CCO will mean that the entire operations and balance sheet of the Trust will be incorporated into the Council Group and reported as such in the Council's Annual Report.

Technically, this does not change the Council's responsibility in relation to the Trust's assets and liabilities, but may create a higher moral obligation. It is therefore important that the proposed financial restructuring of the Trust is sufficient to ensure the Trust can operate sustainably within the parameters of its existing funding arrangements.

## **Key points of the proposal**

### In terms of the building sale and loan repayment

From the Trust's perspective:

- In addition to extinguishing the Trust's \$10.34 million liability to the Council, the transaction reduces the Trust's annual depreciation charges. However, this is somewhat mitigated by the requirement that the Trust pay for the ongoing maintenance of the building based on the Council's asset maintenance protocols.
- The Trust's ongoing use of the building will be assured by way of a contract for services and an accompanying lease of the building to deliver the services.

From the Council's perspective:

- The proposal requires that the Trust will maintain the building.
- The transaction would result in a non-cash gain to the Council of \$5.6 million in the 2016/17 financial year.
- The Council's \$10.34 million purchase of the building results in a \$10.34 million unbudgeted capital overspend but does not increase debt funding.
- The transaction is largely neutral, on the basis that the Council is currently funding the associated debt related to the Visitor Centre and receives no interest payment from the Trust. However, the Council's policy to rates fund the building's depreciation will have the effect of reducing the \$10.34 million investment cost (which provides a saving in interest costs to the Council).
- The proposed LTP funding impact identifies an additional \$260,000 in 2016/17 to fund depreciation.
- Any future capital improvements to the building would be considered in the normal course of Council's planning and budgeting activities.

### In terms of the Council appointing the Trust Board

From the Council's perspective:

- This aspect of the transaction provides a degree of risk mitigation to the Council that is commensurate with the Council's investment.
- Without this mitigation, at any stage in the future the Trust Board could make decisions that prove ill-advised and could further burden the Council (as the Trust's only material financial stakeholder).

From the Trust's perspective:

- The proposed governance arrangements recognise the growing maturity of the Trust (it was established 20 years ago) and the future benefits it will enjoy by strengthening its relationship with the Council in this way.
- The Guardians will have a meaningful role in the appointment of the future Trustees via its nominations process.
- The proposed governance changes are considered by both the Trust Board and the Guardians to provide a cohesive framework upon which to ensure that the best possible governance for the Trust is achieved by leveraging the capabilities and networks of all stakeholders, while giving the Council an appropriate level of confidence in the Trust's long-term future governance.
- If the Council does not appoint the Trust Board then Zealandia will always be treated differently to other Council-controlled organisations. In future, this position could be detrimental to the Trust in terms of its future capital and operational funding needs and to the other opportunities that a Council-controlled organisation might normally command.
- The 500-year vision for Zealandia is far-reaching and it is appropriate that its financial security is equally far-reaching. The proposed transaction supports this.

## Options

### Option 1: The Trust's Proposal

The Trust's proposal refines its governance framework to give the Council the right to appoint the Trust's Board, while allowing the Guardians to have a meaningful stake in the appointment of future Trust Board members. This refinement provides the Council with an appropriate level of risk mitigation that is commensurate with its long-term financial commitment to the Trust while drawing on the capabilities and networks of both the Council and the Guardians in forming future Trust Boards.

The Trust Board believes the shift from appointing a majority of the board (currently) to providing the Council with nominations for the future board members (proposed) is in the best long-term interests of the Trust.

The Trust will de-risk its balance sheet by selling the Visitor Centre building and repaying the loan, and the long-term future sustainability of Zealandia is more assured via its relationship with the Council. However, the building transaction alone changes the nature of the Council's investment in this activity and the governance changes proposed by the Trust will minimise the Council's investment risk (discussed further under Option 2).

The Trust's auditors view the Trust's proposal and the recommended option as a favourable outcome.

### Option 2: The Visitor Centre transaction only

The building sale and loan repayment increases the Council's future capital expenditure risks (related to the building) and continues to expose the Council to a trading underwrite (the operating grant) for an activity over which it has some influence but only reactive controls in terms of the Trust Deed.

- Clause 29.1(d) of the Trust Deed grants the Council the power to "appoint and remove all trustees from the Trust Board" if the Council is not reasonably satisfied with the Trust's financial position (including but without limitation to the status of any loan facility).
- Clause 29.1(d) is designed to allow the Council to respond to events at the governance level whereas the Trust's proposal is designed to give the Council confidence in the future governance of the Trust while respecting the Guardians' nominations in the process. Either way, the Council would retain its reactive controls in terms of Clause 29.1(d).

Officers have considered the risk of the Council using its proposed powers of appointment to effectively disregard the Guardians' nominations or subvert the intentions of the Trust Board's proposal. This is considered unlikely but, regardless, any amendments to the Trust Deed require the Guardians' approval, which secures the role of the Guardians and the objects of the Trust. Officers consider it would be difficult for the Council to overpower the Guardians or the Trust in any way that is not already available to the Council. The Guardians continue to have a significant and distinctive role in guiding the Trust's future.

While the building sale alone would relieve the Trust's immediate balance sheet pressures it does not address the opportunities Zealandia would benefit from as a Council-controlled organisation. This status would support its activities through economic cycles over the long-term and is an important strategic component of the Trust Board's proposal.

### Option 3: The status quo

Retaining the status quo (ie do nothing) effectively puts the Trust in a difficult position in terms of its concerns regarding negative equity. While this may not be insurmountable, if the status quo was preferred in the short term there may be two potential mitigating options that could be considered. These scenarios are independent of each other and could be deployed within the next 2 to 3 years. However, the actual timing could be dictated by the Trust's auditors and trustees on the basis of balance sheet concerns.

- i. Write-down or write-off the loan. If the Council rejected the Trust's proposal to assume

ownership of the Visitor Centre and accept repayment of its loan, then the Council would probably need to address the pressures created by its loan to the Trust. Discharging the Trust's obligations to repay its loan to the Council would provide the Trust with an immediate write-up of equity and strengthen its balance sheet. However, this option would not change the Trust's reliance on the Council to fund the operation of Zealandia now and in the future. Also, this option does not address the Trust's proposal to refine its board appointments process and governance arrangements.

- ii. Letter of Comfort. A potential (though untested) remedy to ensure that the Trust could continue to trade with negative equity in future could include the provision of a Letter of Comfort, or similar, by the Council. This scenario would effectively provide the Trust with open-ended support to its trading activities. Without the Council's control of the Trust Board, this scenario carries a higher financial risk to the Council than the Trust's proposal.

### Cost to the Council

Option 1 (the Trust's proposal) is budgeted to incur \$260,000 additional costs to the Council as a result of rates funding the building depreciation. However, the annual maintenance costs for the building will be met by the Trust. This option also identifies that the cost of building insurance (estimated \$40,000 per annum) that the Council would be required to pay will be deducted from the Trust's operating grant, which reduces from \$875,000 per annum to \$835,000 per annum. The exact mechanism for the Trust reimbursing these costs that are incurred by the Council has not been refined yet, but the principle of the Trust reimbursing the costs is confirmed.

Option 2 (the purchase of the Visitor Centre building only) is similar to Option 1 except it carries an unquantifiable risk that arises as a result of the board and management taking the Trust in a direction that the Council is expected to fund but which it has no control over.

Option 3 (status quo) shows no change in the total costs to the Council but it also carries the unquantifiable risk of the board and management taking the Trust in a direction that the Council is expected to fund, but which it has no control over. This risk is not addressed by retaining the status quo.

| Costs to the Council                     | Option 1         | Option 2            | Option 3         |
|--|------------------|---------------------|------------------|
| 2016/17 onward                           | Trust's Proposal | Visitor Centre only | Status quo       |
| Operating Grant                          | 835,000          | 835,000             | 875,000          |
| Insurance                                | 42,000           | 42,000              | 1,000            |
| Depreciation                             | 288,000          | 288,000             | 21,000           |
| Rates                                    | 13,000           | 13,000              | 13,000           |
| Interest (\$10.4m loan)                  | 615,000          | 615,000             | 623,000          |
| <b>Total Direct Costs to the Council</b> | <b>1,793,000</b> | <b>1,793,000</b>    | <b>1,533,000</b> |

Wellington City Council

# Glossary

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## Contents

|  |   |
|--|---|
| Non-Financial.....                       | 2 |
| Local Government Act (LGA02).....        | 2 |
| Long-term plan (LTP).....                | 2 |
| Annual Plan (AP) .....                   | 2 |
| Annual Report (AR) .....                 | 2 |
| Consultation Document .....              | 2 |
| Infrastructure Strategy .....            | 2 |
| Service plans .....                      | 2 |
| Asset management plans (AMPs) .....      | 2 |
| Levels of Service (LoS).....             | 2 |
| Community Outcomes .....                 | 2 |
| Growth Assumptions.....                  | 2 |
| Financial .....                          | 3 |
| Capital expenditure (Capex) .....        | 3 |
| Operating expenditure .....              | 3 |
| Depreciation.....                        | 3 |
| Fair value .....                         | 3 |
| Investment properties .....              | 3 |
| Prudential limits .....                  | 4 |
| Renewal .....                            | 4 |
| Ring-fenced .....                        | 4 |
| Upgrade Capital Expenditure.....         | 4 |
| Funding impact statements (FIS).....     | 4 |
| Forecast financial statements (FFS)..... | 4 |

# Non-Financial

## **Local Government Act (LGA02)**

The Local Government Act 2002 provides the general framework and powers under which New Zealand's 78 democratically elected and accountable local authorities operate

## **Long-term plan (LTP)**

The LTP is a document required under the Local Government Act 2002 that sets out a local authority's priorities in the medium to long term

## **Annual Plan (AP)**

The annual plan is produced for each year in between long-term plans and provides an opportunity to refresh the information for the coming year and consult with the community on any changes that are proposed

## **Annual Report (AR)**

The purpose of the annual report is to compare activities performed with those intended in the annual plan

## **Consultation Document**

The consultation document is the basis of discussions between Council and its communities about the issues facing the district/area and how council is proposing to address those issues

## **Infrastructure Strategy**

This document covers significant infrastructure issues across the 5 mandatory groups of activity and contains 30 years' forecasted capital and operational expenditure figures. Included in this document will be assets' useful lives, growth/demand assumptions and assumed levels of service

## **Service plans**

Council produces detailed service plans for all asset classes under its stewardship. These provide a picture of the level of service derived from each asset and asset specific risk are discussed in the service plans. Service plans show the actual operation of the Council's assets and delivery of its services

## **Asset management plans (AMPs)**

AMPs reflect a council's infrastructure and asset base in terms of future maintenance, renewal and replacement needs

## **Levels of Service (LoS)**

Service Delivery Indicators. How efficient and effective do council deliver its services to the community

## **Community Outcomes**

Means the outcomes that a local authority aims to achieve in meeting the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions

## **Growth Assumptions**

These are growth forecasts based on a variety of trends which enable Council to predict future growth in the city. In order for Council to plan its infrastructure and asset needs in advance, Council needs to estimate the levels of infrastructure future generations will need

# Financial

## **Associates**

Entities that the Council owns a share of but does not control. Our share of the associates' surplus/deficit and net assets is recorded in the Group financial statements. The Council's associates are Basin Reserve Trust (50%), Wellington Water (50%), Chafers Marina Holding Limited (11%), Wellington International Airport Limited (34%) and Wellington Regional Stadium Trust (50%)

## **Cash and cash equivalents**

Cashflow and deposits which mature in three months or less

## **External funding for capital expenditure**

Funding received from external parties which is recorded as income but used to fund capital expenditure projects

## **Capital expenditure (Capex)**

Expenditure that results in the creation of a new asset, or increases the life or capacity provided by an existing asset

## **Operating expenditure**

Expenditure related to providing Council Services. This excludes capital expenditure.

## **Net borrowings**

Net borrowings is total borrowings less any funds held on deposits

## **Net surplus/(deficit)**

Net surplus/deficit is the difference between total income and total expenses. It includes both operating revenue and operating expenditure as well as other non-funded items of revenue and expenditure such as capital funding , vested asset income and fair value movements

## **Depreciation**

An expense charged each year to reflect the estimated cost of using our assets over their lives.

## **Amortisation**

Amortisation relates to 'intangible' assets such as software (as distinct from physical assets, which are covered by the term depreciation)

## **Unfunded depreciation**

The amount of depreciation that is not funded by rates. An example of this is our roading assets that are funded by NZTA and sewerage treatment assets where the operator has responsibility for asset renewal

## **Fair value**

Essentially reflects the market value of assets or liabilities

## **Investment properties**

Investment properties are properties that are primarily held by the Council to earn rental income

**Prudential limits**

Prudential limits are limits applied to the level of borrowings to ensure we are managing the Council's assets and liabilities prudently. These limits are outlined in the Investment and Liability Policy and Financial Strategy in the Long Term Plan

**Renewal**

Renewal is capital expenditure that relates to the replacement of existing assets

**Ring-fenced**

Ring-fenced are funds that can only be used for a specific purpose

**Upgrade Capital Expenditure**

Capital expenditure that improves the level of service or meets additional demand for a service

**Funding impact statements (FIS)**

FIS sets out the sources of both the operating and capital funding for everything that council does

**Forecast financial statements (FFS)**

FFS is a tool that allows councils to use its resources where they are most needed. It summarises the expected performance of a council for the near future

**Vested assets**

Assets that are created by others and passed into Council ownership (e.g. roads built by a developer as part of a subdivision)

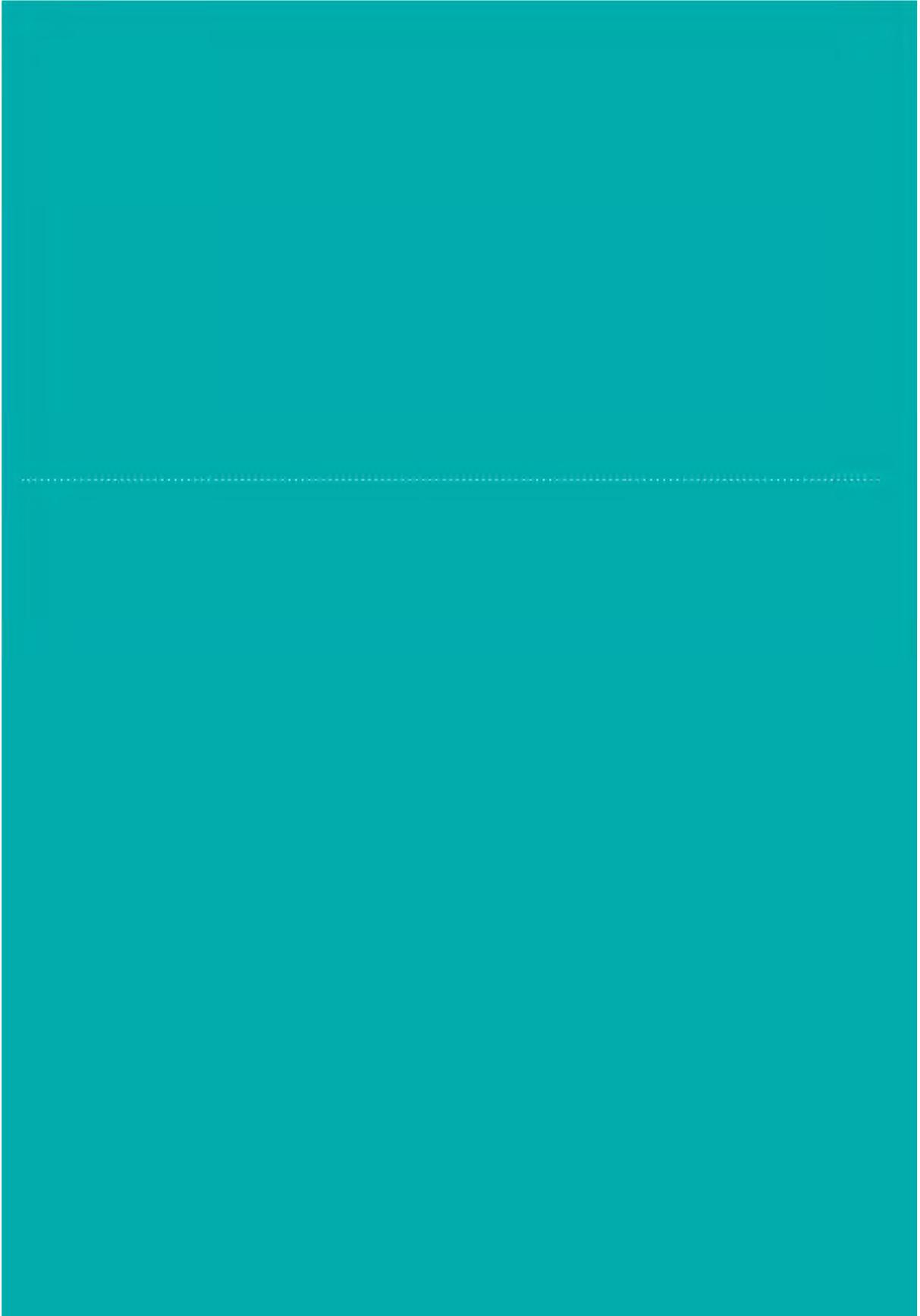
**DRAFT**

# Annual Plan 2016/17

CONSULTATION DOCUMENT



Absolutely Positively  
Wellington City Council  
Me Heke Ki Pōneke



# Contents

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|  |    |
|--|----|
| Mayoral overview                                       | 4  |
| Executive summary                                      | 6  |
| Overview   | 7  |
| Consultation proposals                                 | 9  |
| Proposal 1: Draft Low-Carbon<br>Capital Plan 2016-18   | 10 |
| Proposal 2: Urban Development<br>Agency                | 12 |
| Proposal 3: Food Act fee changes                       | 14 |
| Proposal 4: Zealandia governance                       | 16 |
| Proposal 5: Kilbirnie Business<br>Improvement District | 18 |
| Proposal 6: New initiatives                            | 20 |
| The 2015-25 LTP<br>Year 2 work programme               | 24 |
| Operational<br>projects - improvements                 | 34 |
| Engagement and<br>consultation process                 | 36 |
| Appendix 1: New Food Act fees                          | 38 |

# Mayoral overview



## Contribute to the 2016/17 Annual Plan

There is a new energy and liveliness in Wellington City as we enjoy economic growth, job creation, increased tourism, upgraded social housing, strengthened heritage buildings, new playgrounds, parks and flourishing biodiversity. In 2015 the city's population grew by 2 percent - double the 10-year rate - house prices climbed 6.8 percent, and residential building consents increased by 18 percent.

Visitor numbers are contributing \$6 million a day to the economy of Wellington City. Attendance at Zealandia, Wellington Zoo, Cable Car Museum and Wellington Museum have all shown increases in the past year.

Jobs grew by 3300, mainly in public administration, professional, scientific and technical services, plus the accommodation and food services sectors. This reflects expanded opportunities in the areas of knowledge-based industries, including hi-tech, and more visitors to the city.

Continuing this growth, so we can collectively afford great facilities and quality of life, is the aim of Wellington City Council's 2015-25 Long-term Plan

(LTP). The LTP is our bold plan to stimulate the Wellington economy and ensure the city gains maximum value from Council investment in physical and community infrastructure. The Council also commits to maintain and improve the services Wellingtonians receive from us. No cuts.

I'm encouraged by progress on several long-term projects aimed at growing Wellington and sharing the benefits of economic gains. The first suggested change to our LTP was to bring the Movie Museum forward to 2016/17 with a modern purpose-built building to house both the Movie Museum and the Wellington Convention Centre.

The 2016/17 Annual Plan outlines how we will deliver on Year 2 of the LTP and ensure Wellington remains one of the most liveable cities in the world. It includes the Johnsonville Library, Arlington social housing upgrade, Harbour Escarpment walkway, starting the Town Hall strengthening and various transport initiatives.

This consultation document is a key part of developing the 2016/17 Annual Plan. It identifies the proposed changes to the LTP and new spending initiatives



we believe will add value to Council's activities and suite of services.

In this consultation document we are seeking your views on Council proposals for change not already in the LTP, including:

- establishment of an Urban Development Agency to be a catalyst for good-quality development and urban renewal
- changes to the governance of Zealandaia to ensure the financial viability of the sanctuary for generations to come
- adoption of a Low-Carbon Capital Action Plan to reduce emissions in a constructive and business-friendly way
- a new targeted rate for the Kilbirnie Business Improvement District
- changes to our fees in response to the new Food Act.

Your feedback is also sought on a range of new spending proposals across a variety of Council activity areas, including sports, arts, place-making and international relations. These could be included in the Council's 2016/17 Annual Plan along with projects already agreed for Year 2 of the LTP.

The proposals up for consultation would increase rates by 3.8 percent. The Council still aims for the target of 3.6 percent rates rise as agreed in the LTP, so we are keen to get your feedback and priorities on what is being proposed.

I encourage you to have your say in the future of our wonderful capital.

Ngā mihi mahana

A handwritten signature in black ink, appearing to read 'Celia Wade-Brown'.

Celia Wade-Brown

#### Resilience pledge

Wellington has been selected from around 1000 global applicants as one of the Rockefeller Foundation-pioneered 100 Resilient Cities (100RC). Under the 100RC arrangement, Wellington is provided with support to develop and start implementation of a resilience strategy. In return for the support provided, 100RC participants pledge to commit 10 percent of their funding to resilience projects.

Over 10 percent of the 2016/17 funding is for resilience projects, which meets the pledge. This is spread over different areas of the budget, will be outlined in the resilience strategy currently being developed. The strategy has strong linkages to other Council priorities and outcomes, including infrastructure, economic and social policy areas.

## Executive summary

This is the first Annual Plan Consultation Document produced by Wellington City Council under the new statutory requirements of the Local Government Act 2002. It identifies the significant proposed changes to the Council's work programme and finances identified in the Long-term Plan 2015-25 (LTP) that will occur in 2016/17.

The LTP is the Council's key strategic planning statement for the next 10 years. It identifies the key work programmes and financial parameters for a 3-year period. Annual plans give effect to LTPs in that they identify in detail the proposed activity for a given year. This consultation document identifies the changes proposed to the LTP that will occur in 2016/17, which is the second year of the LTP.

There are six proposed changes that impact on the parameters of the LTP on which Wellington City Council is seeking the views of ratepayers and service users. These changes are:

- **Draft Low-Carbon Capital Plan** - this is the Council's new action plan to reduce the city's and Council's emission profile.
- **Urban Development Agency** - this proposal is to create an Urban Development Agency for the city as a tool to help deliver the Wellington Urban Growth Plan and regenerate key parts of the city.

- **Food Act fee changes** - this proposal is to change the fee structure from that outlined in the LTP.
- **Zealandia governance changes** - this proposal is to create a new Council-controlled organisation (CCO) that was not specified in the LTP.
- **Kilbirnie Business Improvement District** - this proposal is to set a new targeted rate that was not identified in the LTP.
- **Private wastewater connections** - consult on Council consideration of ownership of private connections to the sewage system.

Councillors have agreed a number of other initiatives to be considered for funding in 2016/17 covering a variety of Council activities.

The reasons for, and impact of, each of these changes is summarised in this document, as are the key questions we would like your feedback on regarding each proposed change.

A website containing supporting information that provides more detail on each of the proposed changes has been created and links to this information have also been provided in this document. See [wellington.govt.nz/ap2016-17](http://wellington.govt.nz/ap2016-17)

2016/17 is year 2 of the 2015-25 LTP and a summary of the activities and budgets already planned for 2016/17 is provided.

A series of consultation events are

planned for between 29 March and 29 April 2016. These will provide more information on the LTP and its objectives, and the proposed changes embodied in this consultation document. They will also provide stakeholders with an opportunity to discuss the future needs of their interest area.

A submission form is included in this document and on our website so you can provide feedback on the proposed changes. If you provide a submission you can also present it orally to Wellington City Councillors at a hearing process in May 2016.

Following the hearings, Councillors will make final decisions on the content of the annual plan and agree the rate levels for 2016/17.

Note that the Movie Museum and Wellington Convention Centre proposal was recently consulted on separately from the 2016/17 Annual Plan process. The impact of the business and financial changes associated with the proposed Movie Museum and Wellington Convention Centre required that an amendment to the 2015-25 LTP was required. This amendment is being finalised, which means the changes proposed in this document will apply to the activity and financial parameters of the amended 2015-25 LTP.

# Overview

The Local Government Act 2002 requires us to plan in 3-year cycles. Every 3 years, we consult the community on a draft long-term plan (LTP). This sets out our intentions for the decade ahead – what we'll do, how we'll do it, how much we'll spend, who will pay, the levels of service we'll provide, and how we'll measure the quality and effectiveness of our work.

## Long-term Plan 2015-25

The Council's 2015-25 LTP was adopted in June 2015 and its key objectives are:

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

To fund this proposed investment, the Council has developed a financial strategy that:

- limits rates increases to 3.9 percent annually, on average, over the next 10 years, and 4.5 percent annually, on average, for the first 3 years of the LTP
- caps Council debt at a maximum of 175 percent of annual income.

Detail on the 2015-25 LTP is available at [our10yearplan.co.nz](http://our10yearplan.co.nz)

## LTP amendment

The Council is separately considering an amendment to the LTP that will bring forward expenditure on the Movie Museum to 2016/17. This is to allow for the Movie Museum and Wellington Convention Centre to be co-located.

Both the convention centre and movie museum are already in the LTP, however, the proposal to co-locate them is different, as is the ownership model and the timing of construction. As a result, \$54.0 million of capital expenditure is now planned for 2016/17 that was not in the original 2015-25 LTP. In similar fashion, there are significant changes to the Council's financial parameters - debt, income and rates - in the years after 2016/17 that needed to be reflected in an amendment to the LTP.

The changes proposed in this consultation document will therefore apply to the amended 2015-25 LTP if Council agrees to the proposal.

## Annual Plan 2016/17

Under s95 of the Local Government Act 2002 (LGA), the Council is required to prepare and adopt an annual plan for each financial year. It is also now the statutory role of the Mayor to lead the development of the Council's policies and plans, including the annual plan<sup>1</sup>.

Annual plans give effect to long-term plans in that they identify in detail the activity to be undertaken by the Council and identify how expenditure will be funded in any given year. A summary of what is to occur in each of the 3 years of a local government planning cycle is provided in each LTP. Under recent legislative changes, any proposed variations to the activities and budgets contained in the relevant LTP require explanation and justification in a consultation document that is the basis for engagement with the Council's stakeholders on an annual plan. It is therefore not a draft annual plan that the Council is required to consult stakeholders on, as occurred previously, but a consultation document on changes.

<sup>1</sup> See s41A(2) of the Local Government Act 2002

The Council is required to consult those in the community “who will or may be affected by, or have an interest in” the annual plan before the plan is adopted, if the proposed plan includes “significant or material differences from the content of the LTP for the financial year to which the proposed annual plan relates”. This consultation document highlights the six key proposals for change we want to bring to your attention and get your feedback on. These issues have been identified as either significant and/or material in nature and are different from what was proposed in the 2015-25 LTP.

To provide context for the change proposals in this consultation document, the new Council activity for 2016/17 proposed in the original 2015-25 LTP is outlined. This “Year 2 of the LTP” work programme identifies the new capital and operational projects (added while setting the LTP), as well as new business as usual activity, along with their estimated costs.

To provide context for the change proposals in this consultation document, the new Council activity for 2016/17 proposed in the original 2015-25 LTP is outlined. This “Year 2 of the LTP” work programme identifies the new capital and operational projects (added while setting the LTP), as well as new business as usual activity, along with their estimated costs.

### 2016/17 Finances at a glance

As a result of the proposals for change contained in this document, the Council's financial parameters are changing from that in the amended 2015-25 LTP.

Operational expenditure provides for all of our day-to-day operations and services, and the Council plans to spend \$464.7 million on operational expenditure in 2016/17. This is \$6.1 million or a 1.33 percent increase on the \$458.6 million forecast for 2016/17 in the amended LTP.

|   | 2016/17 Annual Plan | Amended 2015-25 LTP |
|---|---------------------|---------------------|
| Operating expenditure                   | \$464.7 million     | \$458.6 million     |
| Capital expenditure                     | \$243.6 million     | \$226.5 million     |
| Average rates increase after growth     | 3.8 percent         | 3.6 percent         |
| Forecast year-end borrowings            | \$552.4 million     | \$567.4 million     |
| Operational expenditure funded by rates | 65 percent          | 65 percent          |

About 65 percent of our operational expenditure is funded from a combination of general rates (paid on all rateable properties) and targeted rates. The remainder is funded from user charges, ground and commercial lease income, dividends and other revenue such as grants and government subsidies.

Capital expenditure pays for purchasing, building or developing the Council's assets. Our capital expenditure is currently forecast to be \$243.6 million in 2016/17, \$17.1 million more than in the amended LTP – a 7.5 percent increase, mainly due to the Zealandia Visitor Centre purchase.

We fund capital expenditure from depreciation, borrowings, government subsidies, grants and development contributions. For asset renewals, the main funding source is depreciation. For new assets and upgrades, the main funding sources are borrowings, subsidies and grants.

Total borrowings are forecast to be \$552.4 million at the end of 2016/17. This equates to 129 percent of operating income, which is well within the 175 percent debt limit.

For 2016/17, after allowing for expected growth in capital value, our total rates are forecast to increase by 3.8 percent. Rates on the average residential property (valued at \$568,049) are to increase by 6.0 percent to \$2,324 (excluding GST) in 2016/17. For commercial properties, including the impact of increases in metered water charges in 2016/17, an average rates increase of around 4.1 percent is forecast. These increases average to a 3.8 percent rates impact overall, which is 0.2 percent above the increase signalled during the development of the original LTP. It therefore breaches the forecast rates increase percentage limit by 0.1 percent. Council has agreed to prioritise spending when making final decisions on the Annual Plan with a view to returning to this target.

Setting limits on our rates and borrowings requires prioritisation of spending decisions and ongoing review of the costs of existing services.

# Consultation proposals

In the following pages the proposed changes to the activities and budgets of the 2015-25 LTP that we are seeking your feedback on are summarised, along with the reasons why they are proposed and an overview of the impact of these

issues on rates, debt and/or levels of service.

In some cases, we have indicated the option we currently prefer, whereas in others there is only a single option proposed. In any case, key questions on

the proposal are identified to help guide your feedback.

We are putting forward the following six proposals:

| Proposal   | Why we are consulting  |
|--|--|
| Draft Low-Carbon Capital Plan                          | Proposing a new programme of work to reduce the city's emission profile.                           |
| Urban Development Agency                               | Creating a new Council-controlled organisation (CCO) to help deliver the city's Urban Growth Plan. |
| Food Act fee changes                                   | Changing fee structures from that outlined in the LTP.   |
| Zealandia governance changes                           | Creating a new Council-controlled organisation (CCO) not identified in the LTP.                    |
| Kilbirnie Business Improvement District                | Setting a new targeted rate not identified in the LTP.   |
| Other initiatives                                      | Proposing to fund a set of new initiatives not previously identified in the LTP.                   |
| <b>We are also consulting on:</b>                      |  |
| The future of private connections to the sewage system | Consult on whether the Council might assume ownership of private wastewater connections.           |

# Proposal 1: Draft Low-Carbon Capital Plan 2016-18

## Proposal

This draft action plan contains a range of initiatives aimed at making Wellington the “low-carbon capital”. It focusses on three pillars that will offer us the most value in terms of immediate climate change action, as well as building a foundation that supports our low-carbon aspirations.

### Pillar 1: Greening Wellington’s growth

With the expectation of at least 50,000 new residents by 2050, it’s important we manage Wellington’s growth profile. This will help us ensure we can support low-carbon lifestyles and maintain the city’s liveable centres, while growing our “weightless” knowledge economy. In this area we intend to:

- explore phasing out the minimum parking requirement for new buildings - where it makes sense - starting in parts of Wellington City where car ownership is already at central city levels
- continue to run the Smart Energy Challenge
- incentivise sustainable building solutions such as recycling, electric vehicle infrastructure and green roofs

- investigate and implement a regional solution to sewage sludge
- continue Home Energy Saver and Warm Up Wellington, as well as investigating how we can broaden these programmes
- expand the Smart Buildings Challenge
- continue towards our goal of planting 2 million trees by 2020.

### Pillar 2: Changing the way we move

The largest source of emissions in Wellington City is transport, accounting for around 56 percent of our overall emissions profile. We are making substantive progress with our financial commitments towards cycling and public transport. We need to make further progress in making real and sustainable choices available to all our residents, whether through a different way of getting around, or with a different fuel powering that movement. In this area we intend to:

- allocate 100 car parks over the next 3 years, based on demand, for car sharing or electric vehicle charging stations, including central city and non-central city locations

- participate in regional partnerships to support electric charging deployment
- support car sharing in all its forms
- investigate bike sharing as we complete our cycleway network
- continue our investment in the cycleway and public transport networks
- advocate for lower public transport fares
- advocate for biofuels to replace liquid fossil fuels.

### Pillar 3: Leading by example

It is important that Wellington City Council itself shows leadership across our business in reducing emissions, promoting energy efficiency, and sharing knowledge with our partners and other councils. As a result, our third pillar is leading by example, and in this area we aim to:

- invest in energy savings across the business
- continue our Certified Emissions Management and Reduction Scheme certification and emissions benchmarking

- include more electric vehicles in our vehicle fleet
- implement and run behaviour change efforts for Council staff
- deliver Love Food Hate Waste with national partners - a programme that has resulted in a 21 percent reduction in food waste across the UK.

### Building resilience

The action plan does not address climate change adaptation, as it focusses on mitigation: the reducing of carbon emissions. However, we believe we need to effectively plan for the coming threats posed by climate change<sup>2</sup>. We therefore intend to engage with communities on building a broadly-supported and effective resilience strategy through our funding from the Rockefeller Foundation's 100 Resilient Cities network that will address climate adaptation as well as other resilience issues.

### Rationale

Climate change is now a clear and present global threat. Wellington, like 90 percent of global cities, is on the coast, vulnerable to threats driven by climate change like sea level rise and increasingly severe storms. It is imperative that we act to limit the damage climate change will impose on human settlements worldwide - and our own city.

At a recent global climate change conference in Paris, cities emerged as key non-state actors, given they are responsible for 70 percent of overall greenhouse gas (GHG) emissions globally. The New Zealand Government has committed to an 11 percent reduction on 1990 levels of GHG emissions, and Wellington City Council has committed to a target of 80 percent reduction in our GHG emissions relative to 2001 by 2050.

As a city that emits just 5.32 tCO<sub>2</sub>e per person, the lowest in Australasia,

Wellington is starting from a good base. The Low-Carbon Capital Plan will deliver emissions reductions, help shape the future growth of the city, and support the knowledge economy we need to achieve our goals. The Low-Carbon Capital Plan also builds on our recent work to improve the information about emissions available to city decision-makers.

- The recently completed Greenhouse Gas Inventory for the city measured the emissions generated across a number of different sectors.
- The citywide energy calculator allows users to explore how energy and transport choices impact on emissions.
- The attainment of CEMARS by the Council means we now have confidence the emissions data we collect is accurate and comprehensive and measures how we are performing.

### Impacts

The Low-Carbon Capital Plan can be delivered through existing budgets with one notable exception. We will forego parking revenue, based on demand, to support the growth of car sharing. While it is planned that these car parks will be charged for once these car sharing businesses reach scale, we don't know how quickly demand will grow so can't clarify the immediate budget impacts.

Becoming the "low-carbon capital" will also have challenges for the way Wellington City Council operates (eg waste deposited at landfills accounts for more than 80 percent of the Council's emissions). However, there is better information available to us to analyse the potential impact of different interventions and identify the best mix of activities for the Council to reduce its emissions.

### Supporting information

For more information and a copy of the Council's Draft Low-Carbon Capital Plan 2016-18 go to:  
[wellington.govt.nz/ap2016-17](http://wellington.govt.nz/ap2016-17)

### Consultation questions:

*Do you support Wellington City Council's aspiration to be the "low-carbon capital"?*

*Will the activities proposed in the draft Low-Carbon Capital Plan contribute to a meaningful reduction in emissions? If not, what else could be done?*

*Do you agree with the recommended emission reduction targets for the city?<sup>3</sup>*

*2020: 10 percent reduction*

*2030: 40 percent reduction*

*2040: 65 percent reduction*

*2050: 80 percent reduction*

<sup>2</sup> Councils have recently been asked to plan for sea level rise of 0.5-0.8 metres by the New Zealand Government.  
<sup>3</sup> Base year is 2000/01.

# Proposal 2: Urban Development Agency

## Proposal

This proposal is for the Council to establish an Urban Development Agency for Wellington. The primary purpose of the Urban Development Agency would be to unlock development potential in the city by removing barriers to development (through land assembly and master-planning) where this will support Council objectives on urban renewal, housing delivery and affordability, and economic development.

## Rationale

Wellington City is physically constrained - bordered by the harbour and the hills, it lacks flat land for expansion as the city grows. This has always been the case and as a result we have a very compact and highly liveable city. Redevelopment in existing urban areas of Wellington currently represents the majority of development activity in the city. However, it is increasingly complicated by legacy issues, such as land fragmentation and lack of infrastructure capacity, and therefore development opportunities are diminishing and becoming more difficult. This is

particularly the case in established suburbs and "brownfield" areas.

At the same time, readily developable "greenfield" land has always been in short supply because of Wellington's steep topography. Current estimates, based on historic growth rates, are that our last remaining "greenfield" land zoned for development (in the Churton Park and Grenada area) will be fully developed in about 20 years.

The Urban Development Agency would be a Council-controlled organisation and be set up as a means to unlock development potential in the city and deliver on the objectives of the Urban Growth Plan. It would purchase and assemble land to create viable development parcels, prepare design briefs and masterplans, enter into agreements with developers, and actively advocate for quality development in the city. The Council has taken a relatively passive, regulatory role to urban development in the past, and left it to the market to respond. There have been some significant successes, notably the proliferation of apartment development in the central city, but in many other areas the market response has been lukewarm or non-

existent. This has particularly been the case in areas where the Council has hoped to catalyse significant change or "urban regeneration". The establishment of an Urban Development Agency would let the Council be more active in unlocking development potential in the city by removing barriers to development. The Urban Development Agency would undertake the following types of activities.

1. *Lead and co-ordinate the regeneration of strategic precincts* - assemble and prepare land for development, procure private partners and undertake other co-ordinating actions to deliver broad-scale urban regeneration in key parts of the city.
2. *Increase supply of affordable housing* - support delivery of new medium-density and affordable housing in strategic locations (eg around suburban shopping centres).
3. *Deliver large-scale Council development projects* - deliver Council development projects above a specified value threshold that would otherwise be delivered from in-house.

4. *Catalyse the market through demonstration projects* - conceptualise and lead delivery of demonstration projects to catalyse the market in support of Council objectives (quality medium-density housing, high-quality urban design, green buildings).
5. *Optimise development outcomes on strategic sites* - intervene and take a leadership role in strategic areas where earthquake-prone building issues are preventing a timely market response.

Setting aside some local variations, these activities reflect those of urban development agencies in the United Kingdom, Canada and Australia, as well as those performed by Auckland Council's urban development agency Panuku Development Auckland and those proposed for a recently formed urban development agency in Christchurch.

The Urban Development Agency should seek to leave as light a footprint as possible based on the principle of "bridging the gap to the market and no more". This would be achieved by acting in partnership with the private sector to harness its abilities rather than compete against it.

### Impact

Over time it is expected that the Urban Development Agency's activities will become self-funding so that direct, ongoing Council funding is not required. However, in the initial stages funding from the Council will be required to support its activities and build its operations to a stage where it can be self-funding.

Options for how the Urban Development Agency could be funded will be explored in detail over the coming 6 to 12 months, and these will be considered as part of the next annual plan process (2017/18).

We are currently interested in community feedback on whether there is support for the establishment of an Urban Development Agency in Wellington to carry out the functions and activities outlined above.

### Supporting information

For more details on this proposal see: [wellington.govt.nz/ap2016-17](http://wellington.govt.nz/ap2016-17)

### Consultation questions

*Should the Council establish an Urban Development Agency to:*

- *lead and co-ordinate the regeneration in strategic parts of physical city*
- *parcel land together and increase the supply of affordable housing?*
- *deliver large-scale Council development*
- *demonstrate good practice in housing development urban design and sustainability*
- *take a leadership role in areas where earthquake-prone building issues are preventing a timely market response?*

### Council-controlled organisations

Under the Local Government Act 2002 councils can set up organisations to undertake particular activities on their behalf or to acquire voting interests in an organisation outside the council. Councils can also appoint a director or trustee to an outside organisation. These may include companies, partnerships, trusts, an arrangement for sharing profits, unions of interest, cooperatives, joint ventures or similar arrangements. Different reporting rules may apply depending on the trading nature of the organisation and the level of council ownership.

**Council organisations** are any organisation in which one or more council owns or controls any portion

of the voting rights, or has the right to appoint one or more of the directors, trustees etc.

**Council-controlled organisations** (CCOs) were formerly known as local authority trading enterprises (LATEs) and have a majority council shareholding, a majority of council votes or a majority of council-appointed trustees. CCOs pay tax to central government, and are unlike the internal activities of councils, which are tax-free. More than one council may be represented in a CCO. The principal objectives of CCOs, according to the Local Government Act 2002, are to:

- achieve the objectives of its shareholders, both commercial and non-commercial, as specified in the statement of intent

- be a good employer
- exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so.

### Council-controlled trading

organisations (CCTOs) are for-profit CCOs and have been seen as the local government equivalent of state-owned enterprises. Under the Local Government Act 2002, CCTOs are to conduct their affairs in accordance with sound business practice.

# Proposal 3: Food Act fee changes

## Proposal

The Food Act 2014 came into effect on 1 March 2016 and requires people who trade in food to take responsibility for the safety and suitability of that food. The coverage of the Act has been extended so that a number of food premises in Wellington may now be required to register with the Council that previously were not required to, notably Early Childhood Education Centres.

The new Act also seeks to provide certainty for food businesses in relation to how the requirements of the Act will affect their activities - particularly around the cost recovery aspects. Under the provisions of the Act, the model for cost recovery is different from previous legislation. Food businesses will be required to pay an annual registration fee and there will be a set fee for both registration and verification activities (like audits of food premises). An additional fee will be charged for all further visits for opening inspections, education and compliance. Thus the frequency of verifications will be a key

driver of fees, as their cost is recovered from food businesses.

Councils are allowed to recover all direct and indirect costs for any registration, verification and/or compliance and monitoring activities, but may not recover more than the reasonable cost incurred to perform that function. Wellington City Council is proposing to introduce a fee structure to ensure the recovery of all direct and indirect costs incurred by the Council in performing their functions under the Food Act from 1 March 2016.

## Rationale

As part of its Revenue and Financing Policy the Council has estimated the volumes of food business registrations, verification and compliance visits it will carry out by reviewing data and performance from previous years and linking them to the proposed fee model. Charges reflect an analysis of direct costs such as salary and operational expenditure, as well as indirect costs such as support functions, IT and property cost. The Council also aligned

the prices per hour with Ministry for Primary Industries, Auckland City Council and Christchurch City Council pricing (based on comparable sized operations with similar direct, indirect and corporate support charges).

It is considered there are three options for the recovery of costs associated with Food Act changes.

- **Option 1:** Minimum fixed fee based on average time, with the ability to recover additional costs as required.
- **Option 2:** Subsidising cost recovery with rates funding to lower the hourly rate.
- **Option 3:** Charging by the hour (no fixed, upfront fee).

A minimum fixed fee is considered to be the most equitable of these options as it will ensure that funding for the Council's functions under the Act are from users or beneficiaries of these functions and not from rates and other general funding sources. Option 1 is the Council's preferred option.



### Impact

By adopting a full cost recovery model there will be no financial impacts for the Council when the new Food Act is fully implemented.

Food businesses will however transition to the new Food Act over a 3-year period. During this transitional period a portion of businesses will be charged under the Food Act 2014 and the remaining businesses will continue to be charged under the existing fees set pursuant to the Health Act 1956 and the Food Hygiene Regulations 1974. High-risk food service businesses with an alcohol on-license (such as hotels, restaurants, bars and cafes) will be among the first to transition to the new Act.

The new Food Act splits food business into those that will be subject to a Food Control Plan and those that will be part of a national programme. The impact of this is that higher risk businesses that are subject to the requirements of a Food Control Plan will be audited at anything between 3-month

and 18-month intervals, depending on their performance. Good performers will be audited less frequently than poor performers. Low-risk businesses that are subject to national programmes will have an audit frequency of between 3 months and 3 years, depending on their performance. National programme businesses are also only required to register with the Council once every 2 years, unlike food control plan businesses who must register on an annual basis.

### Supporting information

In setting fees under the Food Act 2014, the Council must use the special consultative procedure set out in section 83 of the Local Government Act 2002. It is being undertaken as part of the 2016/17 Annual Plan development process (ie by including it in this consultation document).

The full schedule of proposed cost changes is attached as Appendix 1.

A statement of proposal drafted to fulfil Local Government Act 2002 and Food Act 2014 requirements is available

on the Council's website at:

*Food Act 2014 - Fees: Statement of Proposal*

For further information on the new Food Act go to: <https://www.mpi.govt.nz/food-safety/food-act-2014/>

### Consultation questions

*The Council's preferred option for Food Act fee increases is to charge a fixed fee at a level to recover all costs. Do you support this approach? If not, what is your preferred approach?*

## Proposal 4: Zealandia governance

### Proposal

The Board of the Karori Sanctuary Trust has proposed that the Council purchase the Zealandia Visitor Centre from them in return for the Trust repaying its loan to Council.

Under the proposal the Council will purchase the building for \$10.34 million (the value of the loan it is owed by the Trust) but will not purchase the chattels or building fit out: they will continue to be owned, maintained and renewed by the Trust. In addition Zealandia will meet the annual maintenance costs of the Visitor Centre, currently estimated to be \$65,000 per annum, and the cost of the building insurance.

The Trust also seeks Council's approval for an amendment to its Trust Deed to allow the Guardians of the sanctuary to provide nominations for future Trust Board members, with the Council appointing future Trust Board members. At the moment, Wellington City Council appoints up to two members of the Board and the Guardians three. In addition, another two members can be co-opted by the Trust's Board.

The proposed Trust Deed changes would alter the designation of the Trust,

in terms of the Local Government Act 2002, from a Council organisation to a Council-controlled organisation, where the Council has overall governance control.

### Rationale

The Council is the most significant financial stakeholder in Zealandia, providing the Trust with an annual operating grant of \$875,000 plus other financial support of \$675,000, making a total financial commitment of \$1.55 million per annum. The Council is likely to remain committed to this activity for the long term and this is recognised in the 2015-2025 Long-Term Plan (LTP). The current level of funding reflects the fact that there is no long-term future for Zealandia that does not involve an ongoing and material financial commitment to the Trust by the Council.

The Trust Board has indicated to Wellington City Council that it wishes to address balance sheet pressures and to amend its governance arrangements. These discussions began soon after the appointment of the current Trust Board in 2012 and have progressed to a formal proposal from the Trust Board to the Council's Chief Executive.

In 2007, the Council agreed a 25-year limited recourse loan for \$10.34 million to the Trust to fund the building of the Visitor Centre at Zealandia. This was intended to be repaid by 2040 from any "surplus funds" of the Trust. Since the loan was advanced, the Council has not received any repayment of the loan by the Trust. The Trust Board has advised the Council that it cannot foresee the Trust being able to repay the loan. Moreover, the Trust expects that its liabilities will soon exceed its assets on its balance sheet as a result of depreciation causing the book value of the Visitor Centre to diminish annually. The Trust therefore proposed that the Council acquire the Visitor Centre in consideration of the amount of its loan to the Trust, which would be repaid under this arrangement.

The Trust Board believes the proposed governance changes will provide a stronger and more cohesive framework for the future governance of the Trust, and, if required, the Guardians are willing to approve the proposed Trust Deed changes that have been approved by the Council for consultation. The Trust Board also believes that the governance changes will help forge a deeper operating



partnership between the Council and the Trust, reflecting the Trust's position as an essential part of the city's natural infrastructure, which serves the city's strategic aims.

### Impact

The building purchase transaction results in a \$10.34 million capital spend not currently budgeted in the 2015-25 LTP, but does not increase Council's debt funding requirements.

In the Council's financial statements to 30 June 2015, the Council's loan to the Trust has a nominal value of \$10.34 million and a fair value of \$4.68 million. The proposal would result in a non-cash gain of \$5.66 million, as a result of the write up of the loan in Council's balance sheet.

The capital renewals costs of the Visitor Centre will be funded by the Council and the resultant annual depreciation cost of owning the Visitor Centre building will be rates funded at an estimated cost of \$260,000.

The proposed governance changes aim to strengthen the relationship between the Trust Board and the Council while retaining a distinctive

role for the Guardians<sup>4</sup>. The proposed amendment to the Trust Deed would allow the Guardians to provide nominations for the future Trust Board members with the Council appointing the future Trust Board members. The proposal does not bind the Council to appoint the Guardian's nominees, but to engage the Guardians in the process of appointing the future board members. This process has been agreed with the Guardians and will be documented by way of a Memorandum of Understanding between the Guardians and the Council.

It is the view of the Trust Board that the proposed changes support the continuation of the Trust as a flourishing community enterprise that actively seeks and fosters community support and participation through membership and volunteering. The proposal has been communicated to the membership and volunteers by the Trust Board. The Trust believes that the members and volunteers understand and value the Trust's close working partnership with the Council as an enduring feature of the Trust's future.

### Supporting information

The creation of a Council-controlled organisation in terms of Section 56 of the LGA 2002 requires public consultation and this is being undertaken as part of the 2016/17 Annual Plan development process (by including it in this consultation document).

A policy paper on the proposed change is available on the Council's website. See [wellington.govt.nz/ap2016-17](http://www.wellington.govt.nz/ap2016-17)

For further information on Zealandia's current governance and operations go to <http://www.visitzealandia.com/karori-sanctuary-trust/>

### Consultation questions:

*Do you support the Trust Board's proposed governance arrangements, which would define Zealandia as a Council-controlled organisation? If not, what should happen to the governance of Zealandia?*

*Do you support the Council's intention to buy the Zealandia Visitor Centre for \$10.34 million? If not, how should the Trust's balance sheet pressures be addressed?*

<sup>4</sup> The main role of the Guardians is to safeguard the founding vision and strategic direction of the Trust.

# Proposal 5: Kilbirnie Business Improvement District

## Proposal

It is proposed that a new targeted rate be included in the Annual Plan 2016/17 under the terms of the Business Improvement District (BID) Policy to be applied to commercially rated properties in the Kilbirnie BID area.

## Rationale

Wellington City Council adopted its BID policy in March 2013 and this has led to the establishment of BIDs in Miramar and Khandallah. BIDs involve a local business community within a defined geographical area developing projects and services that support local economic development.

Kilbirnie Business Network has undertaken a process to determine whether a BID should be established in its area and, on 2 October 2015, a poll of businesses gained majority support to establish a BID in Kilbirnie. Under the terms of the BID policy, the Kilbirnie Business Network was grant funded to establish a BID in the Kilbirnie commercial area. The Kilbirnie

Business Network undertook interviews and conducted public workshops, from which a business plan has been developed. The plan provides the foundation from which the proposed BID would operate.

A Special General Meeting was held in November 2015 at which the proposed budget was ratified and it was agreed to establish a legal entity under which the BID will operate. At the Special General Meeting a resolution was passed to apply to the Council for a targeted rate to fund the BID.

## Impact

This new rate is expected to generate \$80,000 in 2016/17.

For each commercial rating unit there will be a fixed charge of \$500 (excluding GST). Plus a rate per dollar of rateable capital value for any capital value over \$1 million per rating unit. Taken together these two rates will generate the \$80,000 being sought to support the Kilbirnie BID.

This rate has been incorporated into the Council's Financial and Funding

statements and the draft Funding Impact Statements presented as part of the Annual Plan 2016/17 supporting documentation.

## Supporting information

Information on Wellington City Council's BID policy is available at: <http://wellington.govt.nz/your-council/plans-policies-and-bylaws/policies/business-improvement-district-policy>

For further information on the Kilbirnie BID see: <http://kilbirnie.org.nz/>

## Consultation questions:

*The BID process allows businesses in an area to collectively agree on solutions to issues they face and agree to fund these solutions via targeted rates. Do you support the use of a targeted rate for the Kilbirnie Business Network to be able to fund the establishment of their BID? If not, how should the BID be funded?*



#### Targeted rates

Rates are the main way councils fund their activities and the Local Government (Rating) Act 2002 (LGRA) provides councils with flexible powers to set, assess and collect rates from landowners. Mechanisms are set out in the LGRA to allow councils to raise revenue through rates from the community generally, specified groups or categories of ratepayers, and those who use or generate the need for particular services or amenities.

One of these mechanisms is targeted rates. Targeted rates are designed to fund a function or group of functions. Factors that can be used for calculating targeted rates include: land value; improvement value; capital value; annual value; total land area; area of land paved, sealed or built on; area of floor space of buildings; number of connections; and extent of provision of services.

Where any targeted rate is calculated as a fixed amount per rating unit, a council cannot collect more than 30

percent of its total rates revenue by way of a combination of those targeted rates and the uniform annual general charges (which are fixed charges applied to every rating unit, no matter the value of the property).

# Proposal 6: New initiatives

## Proposal

As a result of deliberations on the content of this consultation document, Councillors have agreed a number of other initiatives to be considered for funding in 2016/17. These initiatives cover a variety of Council activities and range in cost from around \$30,000 to \$1 million.

These initiatives have been included in this consultation document so Councillors can gauge the level of public support for them before making any final decisions on the content of the Annual Plan 2016/17.

## Rationale

A pre-engagement process was undertaken prior to the development and publication of this consultation document. This gave Wellingtonians the opportunity to share their ideas on how to grow Wellington's economy, be a smart resilient city, and make better use of infrastructure like parks, roads and libraries. For Councillors, it provided valuable insight into the services and community infrastructure that local people and community groups are concerned about. It was this insight that informed Councillors deliberations

on what new initiatives could be undertaken in 2016/17.

## Impact

Should all the proposed initiatives be funded, rates will increase in 2016/17 by 0.2 percent more than proposed in the LTP. The LTP proposed a rates increase of 3.6 percent for 2016/17 and this would move to a 3.8 percent increase.

Note that every \$2.7 million of rates-funded expenditure will lead to an increase in rates of 1 percent. Generally speaking, operational expenditure is funded by rates and capital expenditure is funded by debt (please see page 7 for further details).

## Supporting information

The following new spending initiatives have been proposed:

### Lyall Bay Foreshore Resilience Plan

#### **\$1,000,000**

It is proposed that \$1 million of capital expenditure could be undertaken in 2016/17 to complete stage one of the Lyall Bay Foreshore Resilience plan. This proposal includes the following investments:

- Surfers Corner carpark repairs - \$236,000

- new block wall for the middle beach - \$100,000
- sand ladder fencing - \$70,000
- pipe extensions and rock riprap at the western end of the beach - \$594,000.

### Toitu Pōneke Sports Hub

#### **\$750,000**

It is proposed that a grant of \$750,000 be granted to Toitu Pōneke for the redevelopment of a community and sports hub building at Kilbirnie Park.

This will be funded by the reallocation of grants included in the LTP to Alex Moore Park Development project (\$600,000) and Lyall Bay Surf Club redevelopment (\$150,000). Neither the Alex Moore Park nor Lyall Bay Surf Club projects are anticipated to meet the conditions to draw on the funding allocated in the LTP in 2016/17. Re-establishment of these grant funding allocations will be considered as part of the 2017/18 Annual Plan.

**Ngauranga to Airport - minor capital projects**

**\$375,000**

The Ngauranga to Airport Project aims to improve the flow of traffic through Wellington City. It is proposed to repurpose some existing funding to improve pedestrian flow in the Central Business District.

**Johnsonville Library - Kindergarten purchase**

**\$350,000**

The Council is developing a new library in Johnsonville. As part of that project it is proposed to buy the neighbouring kindergarten site and use that land to ensure the library can be located in a position that does not compromise future roading improvements (eg traffic lights, walkways, cycleways). Consideration will be given to integrating the kindergarten within the library development.

**Living Wage**

**\$250,000**

The LTP included an increase in the budget to further the implementation of the Living Wage policy. It is proposed to increase that provision by \$250,000.

**Community Grants changes**

**\$255,000**

Wellington City Council allocates funding to community groups and projects through a range of grants that have an annual allocation of funding. The following increases to grants are proposed:

- Arts Culture and Community Grants by \$120,000 pa and \$40,000 for Katherine Mansfield Trust
- Social and Recreation Grants by \$75,000 (Refugee and new settler initiatives - \$20,000 and Wellington Night Shelter - \$55,000)
- Our Living City Fund increase of \$20,000 for "Warm-up Wellington" funding - \$20,000

**New Outdoor Events Series**

**\$200,000**

It is proposed that \$200,000 be provided in 2016/17, as additional funding for the Council's City Events team, for a new flagship Outdoor Event Series. The events would be scheduled throughout the year, focussed on the central city, and free and accessible to all. The content would range across a number of creative fields - music, dance, theatre, circus, and digital art.

**Arts sector activation programme**

**\$160,000**

It is proposed to increase the funding of Toi Pōneke Arts Centre by \$140,000 a year, beginning in 2016/17. The majority of this funding - \$120,000 - will be used for temporary contracts for programming advisors from different art sector disciplines. This is to increase the connectivity to Wellington's arts sector and artists. The remainder - \$20,000 - will be used to purchase art gallery consumables and equipment to support the delivery of 12 exhibitions a year.

A one-off capital investment of \$20,000 is also proposed for 2016/17 to purchase external signage and artworks for the Toi Pōneke building.

**Placemaking**

**\$155,000**

It is proposed that \$140,000 of capital expenditure is undertaken in 2016/17 to create public spaces that will attract people because they are pleasurable or interesting thereby promoting people's health, happiness, and wellbeing. This proposal includes the following investments:

- suburban beautification - \$100,000
- heritage building plaques - \$20,000
- Tinakori Road plaques stage 2 - \$15,000
- street identity signs - \$10,000
- historic character pedestrian traffic lights - \$10,000

**Middleton Road**

**\$40,000**

The development of the Middleton Road cycleway/walkway in Churton Park-Glenside is scheduled for the near future. In the interim, sealing the gap between the edge of the white line of the tarmac and the fence at the eastern side of the road would improve pedestrian safety and create more room for cyclists.

**Council art collection**

**\$29,500**

The Wellington City Council art collection is valued at around \$5 million and includes about 500 works. It is proposed to increase the annual funding for the art collection by \$29,500 for:

- ongoing conservation work - \$15,000
- an increase in Arts Collection Advisor hours - \$14,500

**Consultation questions:**

Feedback questions on these initiatives are provided on the online submission form at [wellington.govt.nz/ap2016-17](http://wellington.govt.nz/ap2016-17)

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**For consultation: Private wastewater pipes (laterals)**

**Situation**

The Council is considering whether it should assume ownership of the portion of wastewater pipes (wastewater laterals) that are in road reserve (mainly roads and verges) and are currently owned by adjacent private landowners. Wastewater laterals connect the plumbing in homes and businesses to public sewer mains.

Property owners in Wellington are currently responsible for the repair and renewal of wastewater laterals all the way to the connection with the public sewer main, including any parts in road reserve.

If the Council assumes ownership of wastewater laterals in road reserve, it is likely there would be a staged implementation for this proposal, possibly over several years. Property owners would still be liable for the portion of the wastewater lateral within private property boundaries.

The Council recently directed that further work be undertaken on the implications and options for funding the maintenance and renewal of wastewater

laterals in the road reserve. This will lead to a recommendation on whether or not it is practical to introduce a new policy in 2016/17.

**Option**

The Council is interested in the community's view on the principle of Council assuming ownership of the part of wastewater laterals in road reserve, currently owned by private landowners. An alternative option is that responsibility for maintaining and renewing wastewater laterals in road reserve is transferred to the Council (without ownership), through changes to Council policy.

The complexity for private property owners of working in the road reserve can be significant. In addition, there are network management efficiencies from having a single entity responsible for the laterals across the city. This would also transfer the costs from a private property owner (user pays) basis to all ratepayers funding this activity.

**Impact**  
If the Council responsibility for wastewater laterals in road reserve is agreed, it is estimated the annual cost to the Council would be around \$0.8 million in capital expenditure and \$1

million in operational expenditure annually. It is also anticipated that there may be a spike in the costs associated with laterals in first few years of the Council assuming responsibility as a result of deferred maintenance.

Assuming Council responsibility for the maintenance and renewal of the part of wastewater laterals in road reserve will therefore lead to a transfer of cost from private landowners to all Council ratepayers.

**Supporting information**

For more details on the Council's current laterals policy see [wellington.govt.nz/ap2016-17](http://wellington.govt.nz/ap2016-17)

**Consultation questions:**

*Should the Council take responsibility for the maintenance and renewal costs of private wastewater connections in the road reserve?*



# The 2015-25 LTP Year 2 work programme

## Introduction

Annual plans give effect to long-term plans in that they identify in detail the activity to be undertaken by the Council and identify how expenditure will be funded in any given year. A summary of what is to occur in each of the 3 years of a local government planning cycle is provided in each LTP.

This section outlines what new activity was proposed for Year 2 of the Long-term Plan 2015-25 (LTP). It contains summaries of the following activities and their budgets:

- new capital projects and initiatives
- operational - business as usual (BAU)
- operational projects - improvements

**Table 1 - Summary of total expenditure**

| Activity area          |         |
|------------------------|---------|
| New capital projects   | \$66.2m |
| Operational BAU        | \$3.5m  |
| Operational - projects | \$7.9m  |
| TOTAL                  | \$77.6m |

## New capital projects

A number of new capital projects have been earmarked in the LTP.

**Table 2 - Summary of new capital projects (2016/17 spend)**

| No. | Project                                 | Cost                     |
|-----|---|--------------------------|
| 1   | Adelaide Road redevelopment             | \$406,000                |
| 2   | Alex Moore sports hub                   | \$1,450,000 <sup>5</sup> |
| 3   | Arlington Apartments upgrade            | \$17,897,000*            |
| 4   | Basin Reserve                           | \$3,085,000*             |
| 5   | Cycleway implementation                 | \$12,002,000             |
| 6   | Dog exercise areas                      | \$72,000                 |
| 7   | Earthquake-strengthening the Town Hall  | \$2,563,000              |
| 8   | Frank Kitts upgrade                     | \$2,050,000              |
| 9   | Harbour escarpment walkway              | \$350,000                |
| 10  | National Hockey Stadium artificial turf | \$1,343,000              |
| 11  | Johnsonville Library redevelopment      | \$6,372,000*             |
| 12  | Lombard Lane redevelopment              | \$1,537,000              |
| 13  | North Kumutoto public space             | \$3,075,000              |
| 14  | Parking sensors                         | \$387,000                |
| 15  | Safer Speeds                            | \$1,297,000              |
| 16  | Urban Activation Fund                   | \$1,095,000              |
| 17  | Waters hydraulic modelling              | \$5,399,000              |
| 18  | Freyberg Pool renewal                   | \$1,757,000              |
| 19  | Stormwater upgrades                     | \$4,081,000              |

24 Consultation document: Annual Plan 2016/17

<sup>5</sup> Proposed reduction to \$850,000 see page 20  
\*2016/17 spend for multi-year projects budgeted in 2015-25 LTP



### 1. Adelaide Road redevelopment

This is an urban intensification project. Work will begin on the initial planning stage of redeveloping Adelaide Road during 2016/17.

Although Wellington has a vibrant central business district, 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”, which links the northern suburbs to the central city, the Basin Reserve, Newtown and Kilbirnie. By focussing future development along this spine, we can significantly increase housing supply and create vibrant, new, mixed-use city and suburban areas.

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

Redeveloping the north end of Adelaide Road will deliver a vibrant, mixed-use neighbourhood with high-quality public spaces, rapid bus links, and new developments featuring apartments, workplaces, shops and cafes.

### 2. Alex Moore sports hub

The redevelopment includes a new artificial turf and a community and sports facility building at the park to replace the existing clubrooms. We are completing stage 2 in 2018. It will involve joint funding of a new pavilion and sports centre on Bannister Avenue.

For more information, see <http://wellington.govt.nz/your-council/projects/johnsonville-projects/alex-moore-park-redevelopment>

### 3. Arlington Apartments upgrade

Arlington Apartments form an important part of the Council's social housing portfolio and to the wider affordable rental housing capacity in central Wellington. The 2.3 hectare site is located in Mt Cook and is close to many educational facilities and Wellington Hospital. Out of the total 811 bed spaces on this site, 675 are in units that are in poor condition, do not adequately support contemporary standards of living, and are in need of investment if they are to remain operational.

The existing Arlington units have been subject to a number of studies under the Housing Upgrade Project and

a decision has been made to replace the existing buildings with a new build modular solution. Arlington Apartments are dissected by Hopper Street, which constitutes a common boundary and essentially separates the project into two distinct sites.

Limited Council funds have determined that Site 2, Arlington East will proceed being totally funded by City Housing as part of the Housing Upgrade Programme. Site 1, Arlington West will be treated as a separate future project.

Demolition, siteworks and construction of housing blocks makes up the majority of expenditure.

### 4. Basin Reserve

The Basin Reserve is regarded as one of the world's top 10 cricket venues, but faces competition from an increasing number of grounds around the country.

It needs significant investment to address a range of essential maintenance issues and a general upgrade of facilities.

The Basin Reserve Trust has developed a master plan to present a 25-year vision for the future of the ground. The key features of the vision are to keep the premiere test status of



the ground and to enhance the Basin Reserve as a local recreation space for the community.

The plan outlines \$21 million of spending over the next 10 years for the upgrade. Implementation of the plan began in July 2015. The Council is also considering a business case for lights, and making a decision on the future of the Museum Stand.

#### 5. Cycleway implementation

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

##### *Hutt Road cycleway*

Wellington's busiest cycle route, and one of its busiest bus corridors, will be made safer and more efficient with a new cycleway and transport improvements planned for the Hutt Road between Ngauranga and the central city. Work is scheduled to start this year and will be completed in 2018.

We have plans to build a new high-quality cycle path/footpath to make this

route safer for pedestrians, cyclists and motorists. Two-thirds of the indicative \$9 million cost will be paid by the Government through the new Urban Cycleways Fund and the National Land Transport Fund. The Council's budgeted share is \$3.12 million.

The Hutt Road pathway is part of the Council's planned \$34.7 million investment in cycling over the next 3 years, to encourage sustainable and affordable transport, healthy exercise, fewer emissions and reduce congestion. Two-thirds of that investment will be made by the Government and one-third by the Council.

#### 6. Dog exercise areas

We propose to construct fences around three dog exercise areas over the next 3 years. This will cost \$200,000 in capital expenditure.

These areas make it possible to have dogs off their leash so they can run free, while keeping them and the public safe. The parks earmarked for this upgrade are:

- Ian Galloway Park
- Sinclair Park (part of)
- Taylor Park

#### 7. Earthquake-strengthening the Town Hall

The Council is currently working on a number of earthquake-strengthening projects across the city. The Wellington Town Hall earthquake-strengthening project is on hold while we reconsider issues relating to ground conditions and the building's proposed foundation design.

As part of confirming the proposed base-isolation system and to manage costs wisely, we commissioned further detailed geotechnical investigations late last year. Geotechnical engineers advised that the building's proposed foundations will need considerably more strengthening than earlier thought to counteract the impact of liquefaction.

We have chosen to have our engineers review our strengthening design to evaluate alternative options. There are various ways of approaching the issue; we're taking the time to properly consider them all.

To find out more, visit <http://wellington.govt.nz/your-council/projects/earthquake-strengthening-projects/town-hall-strengthening/about-the-project>

#### **8. Frank Kitts Park upgrade**

Frank Kitts Park plays an important role in the city as a gathering place and 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 at the time.

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

The redeveloped park is due for completion in 2018 and will cost \$5.5 million over the next 2 years. The redevelopment will create a more diverse and attractive harbour-front space, suitable for a range of uses including events, walking, relaxing and play.

#### **9. Harbour escarpment walkway**

The Harbour Escarpment Walk will eventually link Waihinahina Park in Newlands to Kaiwharawhara, running through Newlands along the coastal escarpment.

It was identified in the Northern Reserves Management Plan (2008). Some components have already been developed, but this new work will significantly improve the connectivity through here and be a great asset for both locals and visitors.

#### **10. National Hockey Stadium artificial turf**

We will install a third artificial turf sportsfield at the National Hockey Stadium in Berhampore to accommodate growing demand and improve the stadium's capacity to host hockey tournaments and events. The total cost of this project is \$1.5 million. The project is planned to start this year, with the turf ready for use in 2017.

Participation in hockey has grown significantly in the last decade, to a point where the stadium is now operating at capacity with a 95 percent winter utilisation rate.

#### **11. Johnsonville Library redevelopment**

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 cafe and possibly other community spaces in addition to the library facilities.

Design work for the new library has started and we are keen to involve the community in the design process. For more information see [newjohnsonvillelibrary.co.nz](http://newjohnsonvillelibrary.co.nz)

#### **12. Lombard Lane redevelopment**

We are working with others to increase levels of economic activity and pedestrian movement along inner city lanes and streets. This project is all about cheering up streets and laneways.

The works will include physical improvements such as lighting in key locations and a rolling programme of low-cost, pop-up activities at changing locations across the city. Improvements to Lombard Lane are part of this wider programme of street and laneway upgrades and \$1.5 million has been budgeted in 2016/17 for this work.

#### **13. North Kumutoto public space**

The North Kumutoto precinct is located around the entrance to the car and motor home park area at the corner of Whitmore Street and Waterloo Quay. This area is north of the Meridian building and south of the Shed 21 Apartments.

There is a preliminary design proposal for a building on Site 10 and the associated development of public space, subject to the following design issues being taken forward:

- undertake wind effect investigation, so it can inform planning and location of shelter for public open space users
- undertake shade diagrams, so these can inform planning and location of shade for public open space users
- continue to seek input from iwi and the Council's Accessibility Advisory Group

- ensure that the Creative Business Hub feature is retained as the building design is developed
- ensure that issues of vehicle and pedestrian movement, lighting and safety are addressed.

#### **14. Parking sensors**

We are trialling the use of smart technology that will make it easier for people to find car parks and pay for parking.

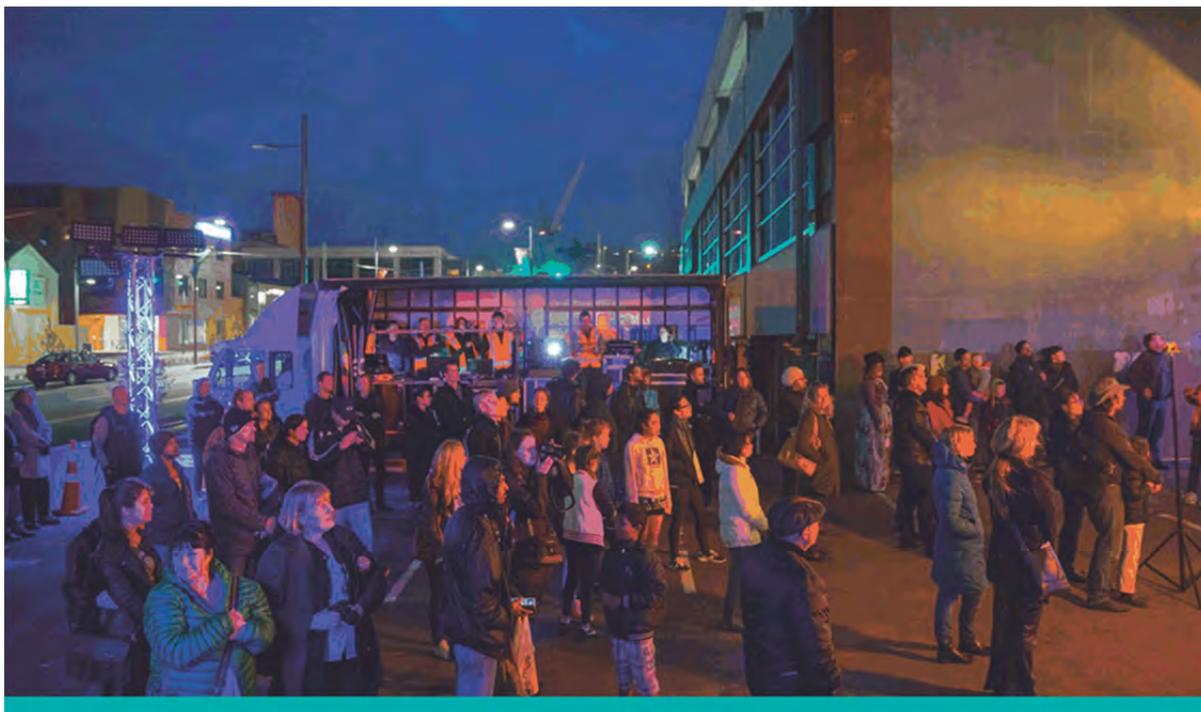
Wireless sensors fitted into the road surface can provide information on whether a car park is occupied. This information can be used to tell drivers (either through signs or online apps) where car parks are available, as well as the price for parking. The sensors can also be incorporated with online payment systems, making it easy for drivers to 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.

Sensors can also help with parking enforcement, by making sure drivers comply with time limits, and don't park without paying or park in areas they are not permitted to (such as disability parks or loading zones).







#### 15. Safer speeds

The proposal to reduce vehicle speeds will make these roads safer and more pleasant for all road users. Studies show that reducing vehicle speeds significantly reduces the number and severity of injuries. There will be little effect on motorists' travel times.

What we proposed and why:

- The proposals to reduce vehicle speeds will make those streets safer and more pleasant for all road users.
- The new speed limits would apply to all vehicles at all times.
- Studies show that reducing vehicle speeds significantly reduces the number and severity of injuries.
- In the areas where the speed limit proposed is 30km/h, there will be little effect on motorists' travel times, as the average speed in these areas is already close to that speed.

#### 16. Urban Activation Fund

The Urban Activation Fund is aimed at transforming our streets and laneways with a variety of projects that will

enhance the city's vibrancy and unique character.

This year we will improve Lukes Lane, Holland and Garrett streets and Cable Car Lane. Laneway and streetscape upgrades will improve the safety, quality and connectivity of pedestrian spaces, support local businesses, art and community services, promote sustainable development, and future-proof Wellington.

Building on the success of pop-up projects in Civic Square and Bond Street, funding has also been allocated to small-scale "activation" projects so that residents and visitors can make the most of the city and share our urban spaces.

#### 17. Waters hydraulic modelling

The Council needs to better understand the existing capacity of the network, where and to what extent we are providing flood protection to a 1-in-5-year severity event, and where the areas exposed to high flood risk are.

The hydraulic modelling projects will address this over the next 3 years; planning controls will also play

an important and increasing role in reducing flood risk. There are some known problem areas and we propose progressive improvement in these areas whilst still advancing our understanding of citywide issues.

#### 18. Freyberg Pool renewal

The Freyberg Pool will be undergoing its 5-year maintenance closure.

#### 19. Stormwater upgrades

The Council manages the network that collects, transports and disposes of stormwater. We work hard to reduce the risks of flooding and pollution.

Stormwater is discharged - untreated - into Wellington harbours and streams. That's why it's important to keep it as clean as possible. The Council commits resources each year to improving water quality in the inner harbour and along the south coast. We have an established programme of stormwater modelling.

**Operational projects - business as usual**

**Table 3 - Operational projects - business as usual additional 2016/17 spend**

| No. | Project                          | Cost        |
|-----|----------------------------------|-------------|
| 1   | Biodiversity Action Plan         | \$202,000   |
| 2   | Building Heritage Incentive Fund | \$500,000   |
| 3   | CEMARS membership                | \$31,000    |
| 4   | Cycleway planning                | \$1,037,000 |
| 5   | Digitisation of information      | \$348,000   |
| 6   | Graffiti removal                 | \$188,000   |
| 7   | New Zealand Festival             | \$500,000   |
| 8   | School pools funding             | \$250,000   |
| 9   | Smart energy                     | \$420,000   |

**1. Biodiversity Action Plan**

Our Natural Capital - Wellington's Biodiversity Strategy and Action Plan is our vision for the city's indigenous biodiversity.

The Biodiversity Strategy and Action plan aims to:

- protect the city's indigenous biodiversity, restore significant areas, create safe buffer zones around them and connect them together
- reduce pest numbers throughout Wellington City to a point where our native species can survive and populations can expand
- focus on raising awareness of the issues facing indigenous biodiversity and connecting people to their natural environment.

Learn more about our Biodiversity Strategy and Action Plan

- When? Ongoing
- How much? \$3.7 million (\$3.2 million operational and \$457,000 capital expenditure over the next 10 years)

**2. Building Heritage Incentive Fund**

The Council's Built Heritage Incentive Fund helps owners maintain their heritage building. The fund has \$3 million to allocate over 3 years. The fund recognises the importance of conserving, restoring, protecting and caring for Wellington's heritage-listed buildings, objects, and buildings in

heritage areas as in the Wellington City District Plan Heritage List or Heritage Areas.

Fifteen percent of the fund is reserved for conservation-specific work, while 85 percent is intended for work related to earthquake strengthening. Earthquake strengthening work can be:

- an initial engineering report or assessment
- a grant towards the actual strengthening work.

The proposed work should maintain or enhance the building's heritage values.

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

**3. CEMARS membership**

We achieved CEMARS (Certified Emissions Management and Reduction Scheme) accreditation in December following a 2-day audit of the energy and emissions data collected by Wellington City Council and CCOs. Accreditation means that we can now have confidence that the data we collect is accurate and comprehensive and a precise measure of how we are performing. This enables us to start measuring our energy and greenhouse gas emissions reduction progress against this original audit or "baseline year" and make more informed decisions about our energy management and emissions reduction work programmes.

**4. Cycleway planning**

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

Like other well-connected cities, we plan to encourage a greater uptake of cycling. Cars can provide flexibility for many journeys, but can also be inefficient, requiring parking space and creating congestion, especially at peak times. 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. Because of the city's narrow and winding streets, some road or footpath space must be reallocated. This may 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 central city. The plan is to roll it out over the next decade.

- When? Ongoing
- How much? \$45 million (over 10 years)

**5. Digitisation of information**

We have a requirement to digitise paper files so we can respond to internal

and external requests with digital documents and move to design and delivery of end-to-end digital services.

Council digitisation is delivered by a digitisation service established on-site at City Archives that will operate through to at least 30 June 2020. This service specialises in digitising paper files that need to be digitised and the paper original preserved. These types of files are being digitised as they are used or if they are at risk from overuse. At the same time an off-site outsourced arrangement with Desktop Imaging Limited is used for one-off digitisation projects where the paper originals are no longer required.

#### **6. Graffiti removal**

In our Residents' Monitoring Survey, 98 percent of Wellingtonians perceive their city to be safe, and we would like to keep it that way. While only 40 percent of our residents voiced concerns over graffiti, the overall perception is that graffiti contributes to people feeling unsafe when walking in town. We will increase our graffiti-removal budget by a further \$180,000.

#### **7. New Zealand Festival**

The festival is New Zealand's premier arts and cultural event. It's currently held every 2 years and attracts a world-class line-up of performers. We have increased our grant to the festival by \$500,000 to secure "off-year" events or shows in the city. This complements the New Zealand Festival's own success at raising the majority of its funding from ticket sales and other sources.

#### **8. School pools funding**

The fund aimed to improve access to and uptake of Learn to Swim, aquatic education, sport and enjoyment by local communities of Wellington City by increasing the total available pool capacity and aquatic programme opportunities throughout the city.

<http://wellington.govt.nz/services/community-and-culture/funding/council-funds/school-pools-partnership-fund>

#### **9. Smart energy**

The Smart Energy Capital programme creates partnerships where the Council matches funds dollar-for-dollar with strategic partners. The programme aims to reduce city-level greenhouse gas emissions by initiating or scaling up projects that achieve the following outcomes:

- reduction in energy use
- increase in renewable energy
- increase in alternatives to fossil fuels.

Though reducing greenhouse gas emissions is the primary aim, the Smart Energy Capital programme also looks to achieve co-benefits in the following areas:

- smart and healthy homes - projects that aim to improve the energy efficiency and health of households
- efficient commercial buildings - projects that aim to improve the energy efficiency/performance of our commercial building stock and business
- distributed renewable energy - projects involving the installation of distributed renewable energy systems (particularly solar and wind)
- fuel switching - products that introduce low-carbon alternatives (such as biofuels or electric vehicles) to standard transport fuels
- innovation - projects that are addressing Wellington and New Zealand's future energy challenges and opportunities (eg smart grid and smart home technologies).



# Operational projects - improvements

Table 4 – Operational projects - improvements

| No. | Project                                 | Cost        |
|-----|---|-------------|
| 1   | Circa Theatre                           | \$100,000   |
| 2   | Community halls                         | \$115,000   |
| 3   | Cultural grant funding                  | \$969,227   |
| 4   | Enviroschools                           | \$45,000    |
| 5   | Free CBD Wi-Fi                          | \$153,000   |
| 6   | Playground upgrades                     | \$185,000   |
| 7   | Social and Recreation Grant             | \$3,323,405 |
| 8   | Te Mahana programme                     | \$60,000    |
| 9   | Walkway upgrades                        | \$640,000   |
| 10  | Zealandia (grant)                       | \$875,000   |
| 11  | Electronic voting trial                 | \$100,000   |
| 12  | Other operational improvements projects | \$1,330,000 |

## 1. Circa Theatre

We will support another of the city's cultural institutions - Circa Theatre. We have budgeted a grant of \$250,000 over the next 3 years to support the theatre and \$15,000 per annum over the next 3 years for technical support of external groups.

## 2. Community halls

We fund a citywide network of community centres that support community wellbeing. Services and activities developed and delivered locally from these assets help bring people together, and improve and strengthen neighbourhoods, community resilience and community safety.

We are planning to upgrade a number of community centres in the coming years to ensure they serve the community's needs. This year we will begin the planning work for Aro Valley Community Centre and Newtown Community and Cultural Centre, with construction in 2018/19.

## 3. Cultural grant funding

In coming years, the Council will continue to encourage and celebrate diversity by supporting arts and cultural

events and small arts organisations ranging from Tawata, Randell, Orpheus, Matariki and Diwali to WOW and the New Zealand Festival.

We have also increased our cultural grants fund from 2016/17 to increase our level of support to the capital's arts and cultural institutions.

See <http://wellington.govt.nz/services/community-and-culture/funding/council-funds/arts-and-culture-fund>

#### 4. Enviroschools

Enviroschools is a national programme that involves students taking action to create healthier, more peaceful and sustainable communities. It's about the wellbeing of the whole school, community and eco-system, and working out how to live so that our communities and our economy nourish the natural systems that give us life.

Some of the benefits of the Enviroschools programme to schools include action-based learning, deepening knowledge about ecological sustainability and community resilience, creating genuine leadership opportunities for students, and cost-savings through more efficient school-wide practices.

#### 5. Free CBD Wi-Fi

CBDFree is a free to use, high-capacity wireless service, available through most of Wellington's CBD area. The network is used by large numbers of Wellingtonians as well as visitors to the city and helps support Wellington's reputation as a technology and visitor-friendly city, internationally. The Wi-Fi is provided by CityLink, a Wellington-based technology company.

#### 6. Playground upgrades

We are undertaking the renewal of playgrounds at:

- Lyall Bay Parade Play Area
- Alexandra Road Play Area in Hataitai
- Allington Road Play Area in Karori
- Redwood/Brasenose Reserve Play Area in Tawa

We are also building a new community

playground around the Wakefield Park precinct in Berhampore.

#### 7. Social and Recreation Grant

This fund aims to foster strong, sustainable communities and support building capacity in the community. Applications for any project meeting the criteria will be accepted; however, the priority for the March 2016 round will be for classes teaching English as a second language (ESOL).

<http://wellington.govt.nz/services/community-and-culture/funding/council-funds/social-and-recreation-fund>

#### 8. Te Mahana programme

Te Mahana is a community-driven strategy that is focussed on ending homelessness in Wellington. We are establishing a strategic partnership group to be chaired by the Mayor. This group will focus on an interagency approach to ensure services are aligned and resources are shared.

Te Whakamura, launched in July 2015, is a collaborative project funded by the Council. It comprises DCM, Ngati Kahungunu Whānau Services and the Soup Kitchen and provides joined up services that respond to the needs of homeless people by connecting them to housing and support services. The street outreach team is now coordinated by Te Whakamura. The Council will continue to work with Te Whakamura to help build on the project's initial success.

#### 9. Trails upgrades

We deliver ongoing renewals and upgrades of trails as outlined in the Open Spaces Access Implementation Plan and Our Capital Spaces. The purpose of the renewals and upgrade programme is to:

- ensure safe, accessible and sustainable trails are provided, which enable all trail users to be active and healthy
- meet the local trail user community's expectations regarding ongoing trail works throughout the Council's reserve network

- meet the objectives of Our Capital Spaces by ensuring beginner riders have the opportunity to ride within the Council's reserve network, and that a family ride, easy-walk resource is provided within the reserve network.

#### 10. Zealandia Grant

The Council will maintain its grant funding and will continue its in-kind support for the activities and initiatives Zealandia provides to visitors and residents.

#### 11. Electronic voting trial

During the local authority elections in September and October this year, the Council hopes to participate in an online voting pilot along with other councils. Cabinet will decide whether it will proceed and the Council and its providers must meet a number of requirements regarding risk management, the security of the system and ensure that voters understand and have confidence in the system. If the pilot is approved, the Council will make a final decision later in the year.

Online voting will have benefits including making voting faster and easier, making it easier to vote for people who are overseas, and encouraging youth to vote and participate. It will also hopefully assist in lowering the number of errors on papers and invalid votes.

#### Other Operational improvement projects

- Cable Car - we are funding some renewal work associated with replacing a drive mechanism.
- Hataitai Park renewal - we are resurfacing the turf at the sportsfield.
- Iwi support.

# Engagement and consultation process

## Tell us your ideas

In January 2016, we asked people to tell us their ideas on how to grow Wellington's economy, be a smart resilient city, and make better use of infrastructure like parks, roads and libraries.

The Council received 131 submissions and 184 ideas through our website's online form, social media, email and by post. Forty-seven submitters spoke to Councillors at the panel hearings held on Monday 22 and Wednesday 24 February 2016. The panel hearings were a new initiative to give an opportunity for people to highlight new ideas and to do it in a less formal way prior to the development and publication of this consultation document.

For Councillors, this exercise was valuable, providing insight into the services and community infrastructure that matters to local people and community groups.

Suggestions ranged from making better use of parks and public spaces, increasing and improving walking tracks and exercise areas, graffiti walls, car-free areas in the central city, simplifying and consolidating services, smarter ways of reducing fossil fuels to funding more

environmental education campaigns.

Many of the ideas received are already part of the Council's current or scheduled programme of work - for example, improvements to roads and recreational facilities; funding has been made available for fencing improvements for popular dog exercise areas, which was also suggested by submitters.

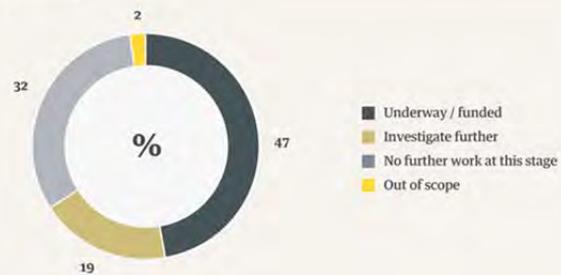
The Council is committed to continuous engagement with the community, and submitters will have an opportunity to engage directly with their specific interests in relevant upcoming project work. Future engagement opportunities include

a review of conservation sites, civic precinct proposals, the Ngauranga to airport corridor, playgrounds policy, open space plans, speed limits and the development of a social strategy.

Some of the ideas received require more investigation to better understand the costs and benefits they could have, while for others Council decisions have already been made not to proceed. People who gave their ideas received feedback about the next steps.

In summary, the Council received 131 submissions and 184 ideas. Forty-seven submitters spoke to Councillors at the panel hearings in February 2016.

Public Initiatives Summary





### **Annual Plan 2016/17 Consultation Document**

As well as seeking feedback on the issues in the consultation document, we want to increase awareness of the Annual Plan and Long-term Plan and their importance in helping us achieve our Wellington Towards 2040: Smart Capital vision.

This Annual Plan 2016/17 Consultation Document was launched by the Mayor on 29 March. The special consultative process runs until 29 April 2016. The consultation document and supporting information is available on our website. The document is also available in the Council's Service Centre and other Council facilities. Formal feedback on questions in the consultation document will be received online and by mail.

A programme of engagement, planned in conjunction with the Council's advisory groups, will be publicised through media channels including Council publications and social media, and is available on our website. See [wellington.govt.nz/ap2016-17](http://wellington.govt.nz/ap2016-17)

Because a greater number of people are choosing to engage with the Council through social media, we will have a

continuous conversation approach on our Facebook and Twitter accounts, and our other channels. Our face-to-face events will use a mix of techniques to encourage participation and conversation. This includes round table discussions, virtual elements, panel Q&A sessions and guest speakers.

People who make a submission on the consultation document will be able to speak at one of two oral hearings on 9 May and 13 May 2016. The Annual Plan 2016/17 will be adopted by Council on 29 June 2016.

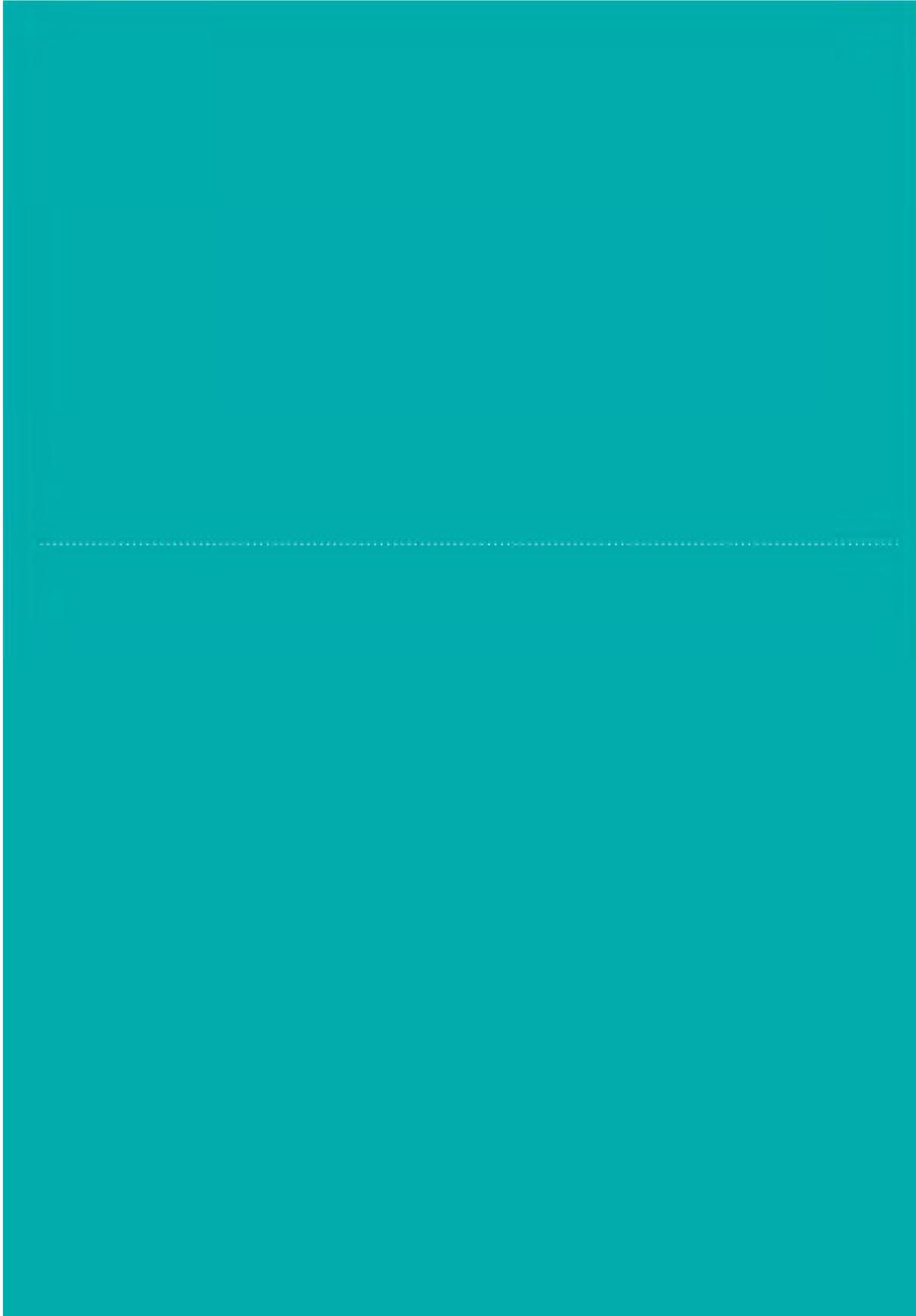
Appendix 1

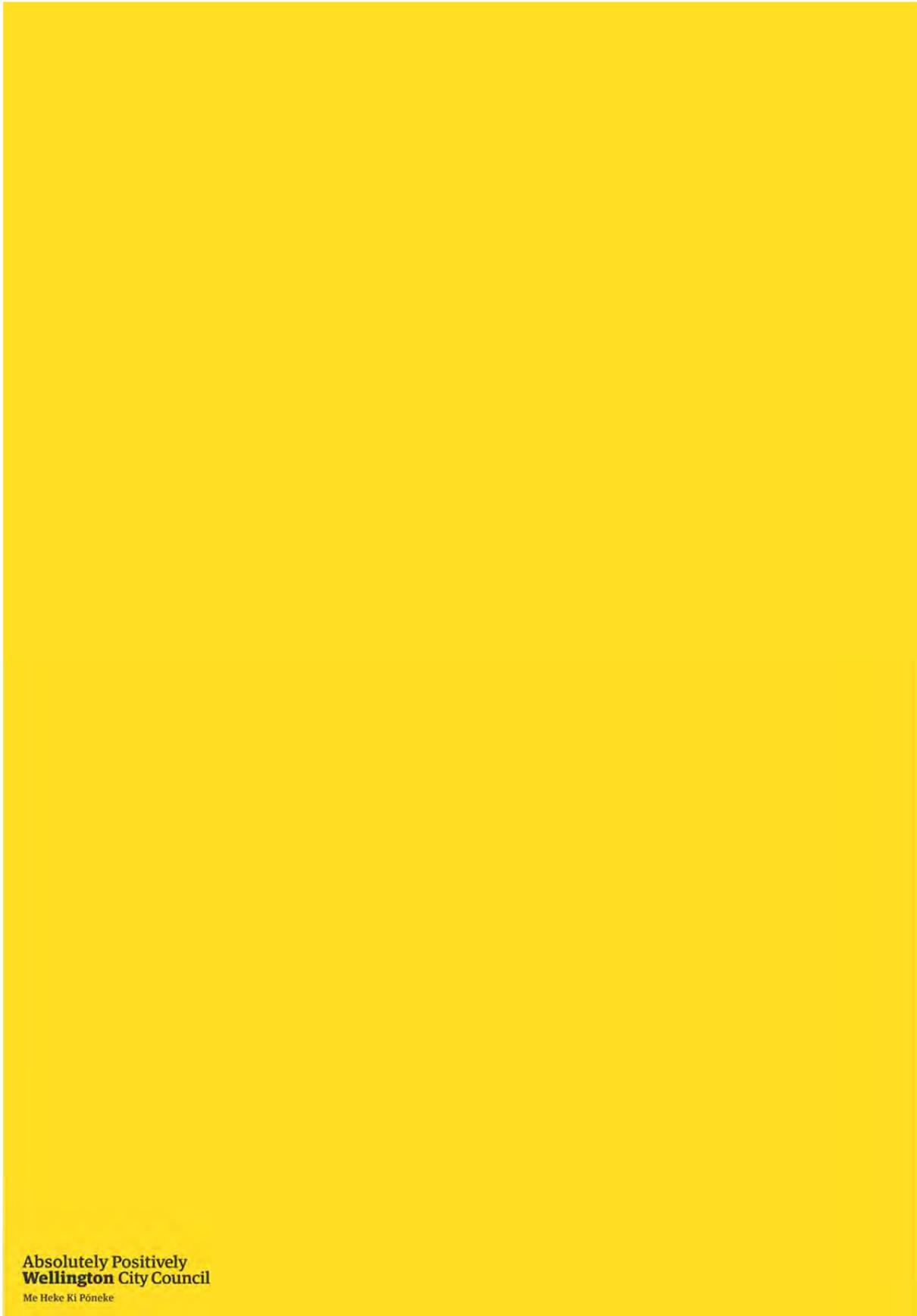
# New Food Act fees

**PROPOSED FEE SCHEDULE**

| <b>Model Food Control Plan</b> | <b>Time included</b> | <b>Fixed cost</b> |
|--------------------------------|----------------------|-------------------|
| <b>Registration</b>            | 1 hour               | \$155.00          |
| <b>Renewal/re-register</b>     | half hour            | \$77.50           |
| <b>Amendment</b>               |                      |                   |
| Significant                    | 1 hour               | \$155.00          |
| Minor                          | half hour            | \$77.50           |
| Change of circumstances        | half hour            | \$77.50           |
| <b>Voluntary suspension</b>    | half hour            | \$77.50           |
| <b>Verification</b>            |                      |                   |
| 1st verification               | 2.5 hours            | \$387.50          |
| 2nd verification               | 2.5 hours            | \$387.50          |
| <b>Compliance</b>              |                      |                   |
| Notice                         | 1 hour               | \$155.00          |
| Application for review         | 1 hour               | \$155.00          |
| Statement of compliance        | half hour            | \$77.50           |
| <b>Opening inspections</b>     | 1 hour               | \$155.00          |
| <b>Additional hours</b>        | per hour             | \$155.00          |

| <b>National Programme</b>   | <b>Time included</b> | <b>Fixed cost</b> |
|-----------------------------|----------------------|-------------------|
| <b>Registration</b>         | 1 hour               | \$155.00          |
| <b>Renewal/re-register</b>  | half hour            | \$77.50           |
| <b>Amendment</b>            |                      |                   |
| Change of circumstances     | half hour            | \$77.50           |
| <b>Voluntary suspension</b> | half hour            | \$77.50           |
| <b>Verification</b>         |                      |                   |
| 1st verification            | 1 hour               | \$155.00          |
| 2nd verification            | 1 hour               | \$155.00          |
| <b>Compliance</b>           |                      |                   |
| Notice                      | 1 hour               | \$155.00          |
| Application for review      | 1 hour               | \$155.00          |
| Statement of compliance     | half hour            | \$77.50           |
| <b>Opening inspections</b>  | 1 hour               | \$155.00          |
| <b>Additional hours</b>     | per hour             | \$155.00          |





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



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## WELLINGTON PORIRUA MERGER OPTION

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### Purpose

1. The purpose of this paper is to ask Council for a decision on whether to carry out work to identify advantages and disadvantages of a merger of Wellington and Porirua cities.

### Summary

2. Porirua City Council has approached Wellington City Council to determine its interest in exploring in detail the advantages and disadvantages of merging the two cities<sup>2</sup>.
3. While substantial data and information exists from the broader work of the Local Government Commission on governance options for the Wellington region in recent years, more specific and detailed analysis would need to occur on this specific option.
4. The overall purpose of the work would be to provide sufficient information and analysis to both councils to allow them to make an informed decision on whether to progress a discussion with the public on merging Wellington and Porirua cities.  
Any work would need to identify opportunities and challenges for any potential merged entity, develop a range of options for local authority governance and service delivery in Wellington and Porirua, and detail the advantages and disadvantages of those options.
5. If the Council determines to proceed with exploring a merged Wellington and Porirua scenario, the Local Government Commission would be asked to lead the work in partnership with Wellington and Porirua City Councils.

### Recommendations

That the Council:

1. Receive the information.
2. Note that if both Councils agree to explore the option of merging Porirua and Wellington cities, the Local Government Commission will be asked to lead the work (with input from both Councils as appropriate) and to report back to both Councils on its draft findings by December 2016.
3. Note that agreement to explore the option of merging Porirua and Wellington cities does not bind either Council to a decision to consult on any of the options identified, nor make – or support – a formal application for change to the Local Government Commission.
4. Note that if both Councils agree to explore options for merging Porirua and Wellington cities, that officers will prepare draft Terms of Reference for the work with Porirua City Council and the Local Government Commission based on the objectives, approach and areas of focus outlined in this report.
5. Note that Wellington City Council's formal position is that any merger should require a public referendum.

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<sup>2</sup> PCC are formalising their position at a meeting on 30 March 2016.

6. Agree:
- a. that a more detailed exploration of a merger between Wellington City and Porirua City be carried out and reported back to both Councils by December 2016  
or
  - b. that no further work be carried out on the option of merging Porirua City with Wellington City.

## Background

6. The Auckland amalgamation in 2010 was the catalyst for the Wellington region to start exploring whether a simpler and more streamlined governance structure would be beneficial for the region.
7. In 2013 two formal proposals for change were submitted to the Local Government Commission. The Wairarapa Councils jointly submitted for single Wairarapa unitary authority, and the Wellington Regional Council made an application for a two tier region wide unitary council (including the Wairarapa).
8. The Local Government Commission, after considering the proposals and a number of alternative applications, recommended the amalgamation of all nine councils. In June 2015, the Local Government Commission released its decision that a single unitary council with local boards for the Wellington region was not going to be pursued due to lack of public support. The Commission is now working with councils to examine the opportunities and challenges in the region and options for good local government.
9. This joint work includes several distinct streams of work, including reviewing the region's transport arrangements, considering the case for some form of spatial planning, and exploring options for the Wairarapa.
10. The driver for the continued work in this area includes:
  - *Better Local Government Programme*: an ongoing programme that seeks improvements and efficiencies in service delivery and productivity from the local government sector.
  - *Community views*: a significant proportion of submitters (40 percent)<sup>3</sup> on the 'super city proposal' identified changes and / or alternatives that they supported and a number of scientific polls have previously indicated smaller changes and mergers would be supported by the broader public.
  - *Council positions*: the majority of councils in the region have formal positions that support some form of change / streamlined governance arrangements for the region e.g:
    - Wellington City Council: a single tier metropolitan Council.
    - Wairarapa Councils: a single Wairarapa council.
    - Lower Hutt Councils: more shared services/regional CCOs.

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<sup>3</sup> Local Government Commission: Wellington Summary of Submissions 2015

- Porirua City Council: a single two tier Council for the region.
11. Stemming from these discussions, Porirua City Council has approached Wellington City Council to determine its interest in exploring in detail the advantages and disadvantages of merging the two cities.

## Discussion

### *Project purpose*

12. The overall purpose of the work is to provide sufficient information and analysis to both councils to allow them to make an informed decision on whether to progress a discussion with the public on merging Wellington and Porirua cities.
13. The work will need to identify opportunities and challenges for any potential merged entity, develop a range of options for local authority governance and service delivery in Wellington and Porirua, and detail the advantages and disadvantages of the different options.

### *Overall approach*

14. If the Wellington City Council agrees to explore this option further, it is recommended that the Local Government Commission be asked to lead the necessary work, draw on the resources and expertise of both Councils as required, and report back to the two Councils on its draft findings by December 2016.
15. The Local Government Commission is ideally positioned to lead this work as it has the background data and information from the previous proposals, as well as the necessary resources to carry out the work.
16. As it would be a joint project – led by the Commission in partnership with the Wellington City Council and Porirua City Council – the process would reflect a multiparty approach. There are several aspects to working jointly that would be expected, including:
- An early workshop between the Local Government Commission and councillors from each Council to provide an overview of the proposed work, to understand current thinking and varying perspectives on any potential merger, and update the scope of the work as required.
  - Technical reports agreed as necessary by both Councils would be funded and managed by the Commission, supported by officials from the councils as required.
  - Regular reporting by the Local Government Commission back to full council meetings.
  - Joint communications informing the community and stakeholders on progress (but with the proviso that no substantial public engagement should occur prior to draft findings being considered in December 2016).
  - All parties to review and agree any draft report before it is finalised.
17. While the Local Government Commission will likely need to engage with key stakeholders (including other councils in the region) during this exploratory phase to

identify the advantages and disadvantages of any merger, no formal public consultation would be carried out as part of this stage of work.

18. While the Local Government Commission is presently legislatively limited in what it can recommend for how local government is structured, the Minister for Local Government has announced that government will review legislation to provide for a broader range of options to be considered in the future. New draft legislation is likely to be tabled around June 2016.

#### *Areas of focus*

19. Substantial data and base-line information already exists within both Councils, as well as the Local Government Commission, to undertake a comprehensive review of a possible merger between Porirua and Wellington cities. Notwithstanding the available data, more detailed analysis is required on a specific option of merging the two cities.
20. Any work should examine communities of interest, the financial position of both councils, asset condition, future liabilities, rates levels, and service level variances between the two cities. The work should also assess: the impact of a merged city on provision of core services / infrastructure; the likely benefits of any merger with respect to scale and aligned planning and decision making; the financial position of any merged entity; options around governance and representation arrangements; the quantum of overall efficiencies that will likely emerge from any merger; and the costs of transition.

#### *Overall work programme, timeline and costs*

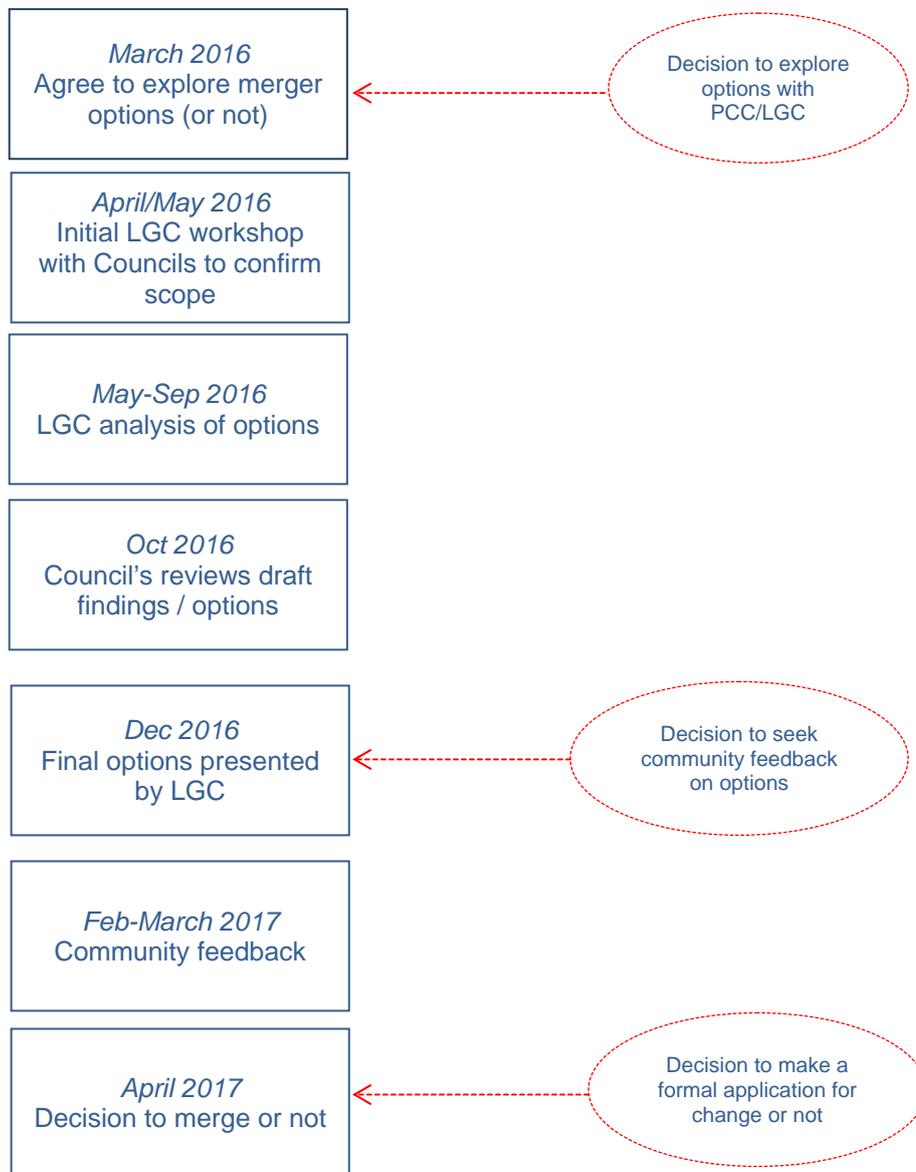
21. Any work would contribute, along with the other region-wide function work streams, to the identification of options for change to local government in the Wellington region. The region's transport arrangements, the Wairarapa's arrangements and other considerations are interrelated parts of the 'jigsaw' and cannot be considered in isolation.
22. It is expected that the commission would not undertake significant public activity such as consultation or public meetings before the 2016 local body elections.
23. It is expected that any work to support the Local Government Commission by Wellington City Council could be met from within existing budgets.

#### **Options**

24. There are two options: work with Porirua City Council and Local Government Commission to determine the advantages and disadvantages of a merger between the two cities, or do not carry out further work on this option at this time.

#### **Next Actions**

25. The process and timeline for consideration of any Wellington / Porirua merger is draft and would have to be confirmed in more detail with Porirua City Council and Local Government Commission. The Wellington City Council recommended process is as follows:



## Attachments

Nil

|            |  |
|------------|--|
| Author     | Baz Kaufman, Manager Strategy                      |
| Authoriser | Jeremy Baker, Director Strategy and Communications |

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## **SUPPORTING INFORMATION**

### **Consultation and Engagement**

No public consultation is required for the initial stage of exploring this option. The Local Government Commission would be expected to engage with relevant stakeholders.

### **Treaty of Waitangi considerations**

N/A

### **Financial implications**

Costs for this early stage of this work will be funded from within existing budgets or be met by the Local Government Commission.

### **Policy and legislative implications**

N/A

### **Risks / legal**

Risks associated with any merger will be canvassed as part of the early work.

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

N/A

### **Communications Plan**

This will be developed if Council agrees to explore this option.



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### 3. Committee Reports

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## REPORT OF THE GOVERNANCE, FINANCE AND PLANNING COMMITTEE MEETING OF 9 MARCH 2016

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**Members:** Mayor Wade-Brown, Councillor Ahipene-Mercer, Councillor Coughlan, Councillor Eagle, Councillor Foster, Councillor Free, Councillor Lee, Councillor Lester (Chair), Councillor Marsh, Councillor Pannett, Councillor Peck, Councillor Ritchie, Councillor Sparrow, Councillor Woolf, Councillor Young.

### **The Committee recommends:**

#### **AMENDMENT TO CODE OF CONDUCT FOR ELECTED MEMBERS**

#### **Recommendations**

That the Council:

1. Amend the Code of Conduct for Elected Members to reflect section 41A which states the Mayor:
  - a. leads the development of the Council's plans, policies and budgets for consideration by the members of the local authority.
  - b. appoints the Deputy Mayor, establishes committees; and
  - c. appoints the chairperson of each committee the Mayor establishes.

#### **KARORI SANCTUARY TRUST PROPOSAL**

#### **Recommendations**

That the Council:

1. Agree to include a capital spend of \$10.34 million in the 2016/17 Annual Plan, for the purchase of the Visitor Centre building from the Karori Sanctuary Trust subject to the repayment of the \$10.34 million loan from Council to the Karori Sanctuary Trust occurring concurrently with the building purchase.
2. Agree to consult on the Trust Board's proposal to amend the Trust Deed to allow the Guardians to provide nominations for the future positions on the Board of Trustees for the Karori Sanctuary Trust and allow Council to appoint the future positions on the Trust Board, and consult on this proposal alongside the 2016/17 Annual Plan consultation process.

**2015/16 PROJECT AND PROGRAMMES BUDGET CHANGE-(CX345 SPORTSFIELDS RENEWALS UPGRADES)**

**Recommendation**

That the Council:

1. Approve an overspend of \$550,000 capital expenditure in 2015/16 for CX345 Sports fields Renewals/Upgrades (Activity 5: Social & Recreation), for the upgrade of Martin Luckie Park to meet the requirements of elite sports teams.

**SUPPORTING INFORMATION TO THE CONSULTATION DOCUMENT: 2016/17 ANNUAL PLAN FEES & CHARGES**

**Recommendation**

That the Council:

1. Agree to adopt the proposed fees and charges as supporting document to be consulted alongside the 2016/17 Annual Plan consultation document.

**SUPPORTING INFORMATION TO THE CONSULTATION DOCUMENT: 2016/17 ANNUAL PLAN FINANCIAL OVERVIEW**

**Recommendation**

That the Council:

1. Agree that it is prudent to forecast a surplus in 2016/17 of \$15.6 million as detailed in the Prospective Financial Statements and Statements of Significant Accounting Policies.
2. Agree to consult on the Prospective Financial Statements and Statements of Significant Accounting Policies.
3. Agree to consult on the Funding Impact Statements.
4. Agree to consult on the Financial Reporting and Prudence Annual Plan Disclosure Statement.

**Attachments**

Attachment 1. Code of Conduct for Elected Members

Page 309

## Wellington City Council Code of Conduct for Elected Members

Changes highlighted in yellow

### Part One: Introduction

All councils are required to have a code of conduct under the Local Government Act 2002, Schedule 7, Clause 15.

This code of conduct provides guidance on the standards of behaviour that are expected from the Mayor and elected members of the Wellington City Council. The code applies to elected members in their dealings with:

- each other
- the Chief Executive
- all staff employed by the Chief Executive on behalf of the council
- the media
- the general public.

This code does not apply to members of Community Boards.

The objective of the code is to enhance:

- the effectiveness of the council as the autonomous local authority with statutory responsibilities for the good local government of Wellington City
- the credibility and accountability of the council within its community
- mutual trust, respect and tolerance between the elected members as a group and between the elected members and management.

The code of conduct that follows is based on the following general principles of good governance:

#### Public interest

- Members should serve only the interests of the city as a whole and should never improperly confer an advantage or disadvantage on any one person, or group of persons.

#### Honesty and integrity

- Members should not place themselves in situations where their honesty and integrity may be questioned, should not behave improperly and should on all occasions avoid the appearance of such behaviour.

#### Objectivity

- Members should make decisions on merit including making appointments, awarding contracts, or recommending individuals for rewards or benefits.
- Members should also note that, once elected, their duty is to the interests of the entire city.

#### Accountability

- Members should be accountable to the public for their actions and the manner in which they carry out their responsibilities, and should cooperate fully and honestly with the scrutiny appropriate to their particular office.

#### Openness

- Members should be as open as possible about their actions and those of the council, and should be prepared to justify their actions.

**Personal judgment**

- Members can and will take account of the views of others, but should reach their own conclusions on the issues before them, and act in accordance with those conclusions.

**Respect for others**

- Elected members should remember the respect and dignity of their office in their dealings with each other, management and the public.
- Members should treat people with respect, regardless of their race, age, religion, gender, sexual orientation, or disability, and should not unlawfully discriminate against any person or group of persons.

**Duty to uphold the law**

- Members should uphold the law, and on all occasions, act in accordance with the trust the public places in them.

**Stewardship**

- Members must ensure that the council uses resources prudently and for lawful purposes, and that the council maintains sufficient resources to meet its statutory obligations.

**Leadership**

- Members should promote and support these proposals by example, and should always endeavour to act in the best interests of the community.

## Part Two: Roles and Responsibilities

This part of the code describes the roles and responsibilities of elected members, the Mayor and Deputy Mayor, and Committee Chairpersons.

### Elected Members

Elected members, acting as the council, are responsible for governance, including:

- the development and adoption of council policy
- monitoring the performance of the council against its stated objectives and policies
- prudent stewardship of council resources
- employment of the Chief Executive

Elected members are also responsible for representing the interests of the residents and ratepayers of the city.

Unless otherwise provided in the Local Government Act 2002 or in Wellington City Council's Standing Orders, the council can only act by majority decisions at meetings. Any individual member (including the Mayor) has no authority to act on behalf of the council unless provided for by statute or the council has expressly delegated such authority.

Elected members are expected to attend the meetings (ordinary and extraordinary) of Council, as well as the committees and subcommittees, working parties, and external organisations to which they are appointed. An elected member, unable to attend a meeting, should advise the Chair or Chief Executive as soon as possible.

### Mayor

The Mayor is elected by the district as a whole and as one of the elected members shares the same responsibilities as other members of council. The Mayor also has the following roles:

- presiding at council meetings. The Mayor is responsible for ensuring the orderly conduct of business during meetings (as determined by Standing Orders)
- advocating on behalf of the community. This role may involve promoting the community and representing its interests. Such advocacy will be most effective where it is carried out with the knowledge and support of the council
- spokesperson for the council
- ceremonial head of council
- providing leadership and feedback to other elected members on teamwork and chairing of committees
- fulfilling the responsibilities of a Justice of the Peace (while the Mayor holds office)
- lead the development of the council's plans (including long-term plan and annual plan), policies and budgets for consideration by members of the territorial authority.
- appoint the Deputy Mayor.
- establish committees of the council and appoint the chairperson of each committee established.

### Deputy Mayor

If the Mayor has not appointed the Deputy Mayor as noted above, then the Deputy Mayor must be elected by the members of council, at the first meeting of the council. The Deputy Mayor exercises the same roles as other elected members, and if the Mayor is absent or incapacitated, the Deputy Mayor must perform all of the responsibilities and duties, and may exercise the powers, of the Mayor (as summarised above). The Deputy Mayor may be removed from office by resolution of council.

#### **Committee Chairpersons**

The council may create one or more committees (this includes subcommittees) of council. A committee chairperson presides over all meetings of the committee, ensuring that the committee acts within the powers delegated by council. Committee chairpersons may be called on to act as official spokespersons on issues within the terms of reference for their committees. Chairpersons may be removed from office by resolution of council. Council may also appoint deputy chairpersons of committees, who shall fulfil the functions of the chair when the chairperson is absent.

## Part Three: Relationships and Behaviours

### Relationships with Other Members

Elected members will conduct their dealings with each other in ways that:

- maintain public confidence in the office to which they have been elected
- are open and honest
- focus on issues rather than personalities
- avoid aggressive, offensive or abusive conduct.

### Relationships with Chief Executive and Staff

The effective performance of council also requires a high level of cooperation and mutual respect between elected members and staff. To ensure that level of cooperation and trust is maintained, elected members will:

- recognise that the Chief Executive is the employer (on behalf of council) of all council employees, and as such only the Chief Executive or his or her delegated appointee may hire, dismiss or instruct, or censure an employee
- make themselves aware of the obligations that the council and the Chief Executive have as employers and observe those requirements at all times
- treat all employees with courtesy and respect (including the avoidance of aggressive, offensive or abusive conduct towards employees)
- observe any guidelines that the Chief Executive puts in place regarding contact with employees
- not do anything which compromises, or could be seen as compromising, the impartiality of an employee
- avoid publicly criticising any employee in any way, but especially in ways that reflect on the competence and integrity of the employee
- raise concerns about employees only with the Chief Executive, and concerns about the Chief Executive only with the Mayor or the Performance Review Subcommittee
- not seek to improperly influence staff in the normal undertaking of their duties.

Elected members should be aware that failure to observe this portion of the code of conduct may compromise the council's obligations to act as a good employer and may expose the council to civil litigation and audit sanctions.

### Relationships with the Community

Effective council decision-making depends on productive relationships between elected members and the community at large.

Members should ensure that individual citizens are accorded respect in their dealings with the council, have their concerns listened to, and deliberated on in accordance with the requirements of the Local Government Act 2002.

Members should act in a manner that encourages and values community involvement in local democracy.

### Contact with the Media

The following rules apply for media contact *on behalf of council*:

- the Mayor (or in the Mayor's absence, the Deputy Mayor) is the first point of contact for the official view on any issue. Usually, a matter will be referred to the relevant committee chairperson for their comment
- comment on operational or management matters should be left to the Chief Executive and management
- no other member may comment on behalf of council without having first obtained the

- approval of the Mayor, or in the Mayor's absence, the Deputy Mayor.
- Elected members are free to express a personal view in the media, at any time. When doing so, they should observe the following:
  - media comments must not state or imply that they represent the views of council
  - where an elected member is making a statement that is contrary to a council decision or council policy, the member must not state or imply that his or her statements represent a majority view
  - media comments must observe the other requirements of the code of conduct, e.g. not disclose confidential information.

#### **Confidential Information**

In the course of their duties members will receive information that they need to treat as confidential. Confidential information includes information that officers have judged there is good reason to withhold under sections 6 and 7 of the Local Government Official Information and Meetings Act 1987. This will often be information that is either commercially sensitive or is personal to a particular individual or organisation. The Chief Executive is responsible for release of this information under the Local Government Official Information and Meetings Act 1987.

Elected members should be aware that failure to observe confidentiality will impede the performance of council by inhibiting information flows and undermining public confidence in the council. Failure to observe these provisions may also expose council to prosecution under the Privacy Act 1993 and/or civil litigation.

#### **Conflicts of Interest**

Elected members shall ensure they comply with the provisions of the Local Authorities (Members' Interests) Act 1968, which covers financial interests, and with other requirements relating to non-pecuniary conflicts of interest. Members should ensure they are familiar with the guidance contained in the Council publication Conflict of Interest Guidelines.

Members shall, within 30 days of a request by the Chief Executive, or following the triennial election, complete a declaration of interests. That declaration shall be updated whenever members' interests change.

#### **Ethics**

Wellington City Council seeks to promote the highest standards of ethical conduct amongst its elected members. Accordingly, elected members will:

- claim only for legitimate expenses as laid down by any determination of the Remuneration Authority then in force, and any lawful policy of council developed in accordance with that determination
- not influence, or attempt to influence, any council employee to take actions that may benefit the member, or the member's family or business interests
- not use council resources for personal business (including campaigning)
- not abuse the advantages of their official position for personal gain, or solicit or accept gifts, entertainment, rewards or benefits that might compromise their integrity.

#### **Bankruptcy**

Elected members who are declared bankrupt shall notify the Chief Executive as soon as practicable after being declared bankrupt.

## Part Four: Compliance and Review

### Compliance

Elected members must comply with the provisions of this code of conduct. Members are also bound by the Local Government Act 2002, the Local Authorities (Members' Interests) Act 1968, the Local Government Official Information and Meetings Act 1987, the Secret Commissions Act 1910, the Crimes Act 1961 and the Securities Act 1978. The Chief Executive will ensure that an explanation of these Acts is made at the first meeting after each triennial election and that copies of these Acts are freely available to elected members. Short explanations of the obligations that each of these Acts has with respect to conduct of elected members is attached in Appendix 1 to this code.

### Breaches of statutory provisions

Where there are statutory provisions:

- breaches relating to members' interests render members liable for prosecution by the Auditor-General under the Local Authorities (Member's Interests) Act 1968
- breaches which result in the council suffering financial loss or damage may be reported on by the Auditor-General under the Local Government Act 2002, which may result in the member having to make good the loss or damage
- breaches relating to the commission of a criminal offence may leave the elected member liable for criminal prosecution.

### Breaches of non-statutory provisions

Any alleged breach by a member of the provisions of the code for which there is not a process and penalty provided elsewhere shall be reported in a timely manner to the Mayor in the first instance. The Mayor, in concert with the Chief Executive (where appropriate), shall consider each allegation in a manner that is fair to all parties involved in the allegation, including ensuring that due process is respected. This will include ensuring that members named in an allegation are given an opportunity to consider and respond to that allegation. If, following the opportunity to respond to the allegation, it is considered that an allegation of a breach of the code is well-founded, the Mayor shall inform the member concerned and take any appropriate lawful action, such as censure.

Any alleged breach by the Mayor shall be reported in a timely manner to the Chief Executive, who shall consider and deal with the allegation, seeking advice as appropriate. The Chief Executive shall consider each allegation in a manner that is fair to all parties involved in the allegation, including ensuring that due process is respected. This will include ensuring that the Mayor is given an opportunity to consider and respond to that allegation.

If an alleged breach is considered to be of a serious enough nature, or if there is an allegation of repeated breaches of the code, the Mayor (or in the case of an alleged breach by the Mayor, the Chief Executive) may instead refer the matter to council. Council will be asked to consider and determine whether a breach of the code has occurred and, if so, what consequences for the elected member should arise from that breach. In completing a report to Council, fairness to all parties involved, and due process, will be respected, including ensuring the member named in the allegation is advised of the allegation and given an opportunity to consider and respond to it before the matter is considered by council. Council's consideration of the matter will comply with statutory requirements relating to matters such as personal privacy, or confidentiality of information.

**Review**

Once adopted, a code of conduct continues in force until amended by the council. The code can be amended at any time but cannot be revoked unless the council replaces it with another code. Once adopted, amendments to the code of the conduct, or the adoption of a new code, require a resolution supported by 75 per cent or more of the members of the council present.

Council will formally review the code as soon as practicable after the beginning of each triennium. The results of that review will be presented to council for their consideration and vote.

## Appendix 1

### Legislation Bearing on the Role and Conduct of Elected Members

This is a summary of the legislation requirements that has some bearing on the duties and conduct of elected members. Copies of these statutes can be found in the council library or in the office of the Chief Executive.

#### Local Authorities (Members' Interests) Act 1968

This Act regulates situations where a member's personal interests impinge, or could be seen as impinging on their duties as an elected member.

The Act provides that an elected member is disqualified from office if that member is concerned or interested in contracts under which payments made by or on behalf of the local authority exceed \$25,000 in any financial year.

Additionally, elected members are prohibited from participating in any council discussion or voting on any matter in which they have a pecuniary interest, other than an interest in common with the general public. The same rules also apply where the member's spouse contracts with the authority or has a pecuniary interest.

Members may also contact the Audit Office for guidance as to whether that member has a pecuniary interest, and if so, may seek an exemption to allow that member to participate or vote on a particular issue in which they may have a pecuniary interest. The latter must be done before the discussion or vote. The Chief Executive must also seek approval from the Audit Office for contractual payments to members, their spouses or their companies that exceed the \$25,000 annual limit.

Failure to observe these requirements could also leave the elected member open to prosecution under the Local Authorities (Members' Interests) Act 1968. In the event of a conviction elected members can be ousted from office.

#### Local Government Official Information and Meetings Act 1987

The Local Government Official Information and Meetings Act 1987 sets out a list of meetings procedures and requirements. Of particular importance for the roles and conduct of elected members is the fact that the chair has the responsibility to maintain order at meetings.

#### Secret Commissions Act 1910

Under this Act it is unlawful for an elected member (or officer) to advise anyone to enter into a contract with a third person and receive a gift or reward from that third person as a result, or to present false receipts to council.

If convicted of any offence under this Act a person can be imprisoned for up to 2 years, or fines up to \$1000, or both. A conviction therefore would trigger the ouster provisions of the Local Government Act 2002 and result in the removal of the member from office.

#### Crimes Act 1961

Under this Act it is unlawful for an elected member (or officer) to:

- accept or solicit for themselves (or anyone else) any gift or reward for acting or not acting in relation to the business of council
- use information gained in the course of their duties for their, or another persons, monetary gain or advantage.

These offences are punishable by a term of imprisonment of 7 years or more. Elected members convicted of these offences will also be automatically ousted from office.

**Securities Act 1978**

The Securities Act 1978 essentially places elected members in the same position as company directors whenever council offers stock to the public. Elected members may be personally liable if investment documents such as a prospectus contain untrue statements and may be liable for criminal prosecution if the requirements of the Act are not met.

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## REPORT OF THE COMMUNITY, SPORT AND RECREATION COMMITTEE MEETING OF 3 MARCH 2016

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**Members:** Mayor Wade-Brown, Councillor Ahipene-Mercer, Councillor Coughlan, Councillor Eagle (Chair), Councillor Foster, Councillor Free, Councillor Lee, Councillor Lester, Councillor Marsh, Councillor Pannett, Councillor Peck, Councillor Ritchie, Councillor Sparrow, Councillor Woolf, Councillor Young.

### **The Committee recommends:**

#### **WAY FORWARD FOR WELLINGTON LOCAL ALCOHOL POLICY**

#### **Recommendations**

That Council:

1. Agree that Council should not resubmit the Local Alcohol Policy (LAP), and should instead continue to monitor alcohol-related data in Wellington, work with key stakeholders, and consider future Alcohol Regulatory and Licensing Authority (ARLA) decisions on other provisional local alcohol policy (PLAP) appeals prior to determining if the Council requires a local alcohol policy.
2. Agree to continue to advocate to central government for a higher minimum unit price for alcohol including off licences.

#### **Attachments**

Nil



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## REPORT OF THE TRANSPORT AND URBAN DEVELOPMENT COMMITTEE MEETING OF 16 MARCH 2016

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**Members:** Mayor Wade-Brown, Councillor Ahipene-Mercer, Councillor Coughlan, Councillor Eagle, Councillor Foster (Chair), Councillor Free, Councillor Lee, Councillor Lester, Councillor Marsh, Councillor Pannett, Councillor Peck, Councillor Ritchie, Councillor Sparrow, Councillor Swain (Greater Wellington Regional Council), Councillor Woolf, Councillor Young.

**The Committee recommends:**

### BUS RAPID TRANSIT FUNDING

#### Recommendations

That Council:

1. Recommend to the Council that the previously agreed \$375,000 contribution towards the Bus Rapid Transit business case be used as the Wellington City share contribution to the implementation of the priority 1 and 2 quick wins (noting that the total cost will be \$721,000 comprising \$375,000 from WCC and \$346,000 from New Zealand Transport Agency (NZTA))

### WELLINGTON HOUSING ACCORD - NOMINATION OF SPECIAL HOUSING AREA

#### Recommendations

That Council:

1. Recommend that the Minister of Building and Housing be asked to approve the following special housing area and associated qualifying development criteria as identified in the Special Housing Area map:
  - a. 1 Abbott Street, Ngaio, with qualifying development criteria being 2 or more dwellings or allotments.

#### Attachments

Nil



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## REPORT OF THE ECONOMIC GROWTH AND ARTS COMMITTEE MEETING OF 15 MARCH 2016

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**Members:** Mayor Wade-Brown, Councillor Ahipene-Mercer, Councillor Coughlan (Chair), Councillor Eagle, Councillor Foster, Councillor Free, Councillor Lee, Councillor Lester, Councillor Marsh (Deputy Chair), Councillor Pannett, Councillor Peck, Councillor Ritchie, Councillor Sparrow, Councillor Woolf, Councillor Young.

**The Committee recommends:**

**WELLINGTON ECONOMIC INITIATIVES DEVELOPMENT FUND SIX MONTHLY UPDATE**

**Recommendations**

That Council:

1. Recommend that all decisions made in Wellington Economic Initiatives Development Fund (WEID) meetings be voted upon and the votes be recorded.
2. Recommend that membership of Wellington Economic Initiatives Development Fund (WEID) to be increased to eight Councillors.

**Attachments**

Nil



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## REPORT OF THE REGULATORY PROCESSES COMMITTEE MEETING OF 17 MARCH 2016

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**Members:** Mayor Wade-Brown, Councillor Ahipene-Mercer (Chair), Councillor Foster, Councillor Lee, Councillor Pannett, Councillor Sparrow.

**The Committee recommends:**

**PROPOSED ROAD STOPPING - LAND ADJOINING 12 AND 14 HOHIRIA ROAD**

### Recommendations

That Council:

1. a. Agrees that approximately 78m<sup>2</sup> of unformed legal road land on Hohiria Road, Hataitai, shown as land bordered blue on Attachment 1 (the Land) and adjoining 12 and 14 Hohiria Road, Hataitai (being Lot 73 Block VIII DP 2529 CFR WN255/25 and Lot 72 DP 2529 CFR WN245/110) is not required for a public work and surplus to requirements.
- b. Agrees to dispose of the Land.
- c. Delegates to the Chief Executive Officer the power to conclude all matters in relation to the road stopping and disposal of the Land; including all legislative matters, issuing relevant public notices, declaring the road stopped, negotiating the terms of sale or exchange, impose any reasonable covenants, and anything else necessary.

### Attachments

Nil