
ORDINARY MEETING
OF
WELLINGTON CITY COUNCIL
AGENDA

Time: 9:30am
Date: Thursday, 30 September 2021
Venue: Virtual Meeting

MEMBERSHIP

Mayor Foster (Chair)
Deputy Mayor Free (Deputy Chair)
Councillor Calvert
Councillor Condie
Councillor Day
Councillor Fitzsimons
Councillor Foon
Councillor Matthews
Councillor O'Neill
Councillor Pannett
Councillor Paul
Councillor Rush
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 04-803-8334, emailing public.participation@wcc.govt.nz or writing to Democracy Services, Wellington City Council, PO Box 2199, Wellington, giving your name, phone number, and the issue you would like to talk about. All Council and committee meetings are livestreamed on our YouTube page. This includes any public participation at the meeting.

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1. Meeting Conduct

1.1 Karakia

The Chairperson will open the meeting with a karakia.

Whakataka te hau ki te uru,	Cease oh winds of the west
Whakataka te hau ki te tonga.	and of the south
Kia mākinakina ki uta,	Let the bracing breezes flow,
Kia mātaratara ki tai.	over the land and the sea.
E hī ake ana te atākura.	Let the red-tipped dawn come
He tio, he huka, he hauhū.	with a sharpened edge, a touch of frost,
Tihei Mauri Ora!	a promise of a glorious day

At the appropriate time, the following karakia will be read to close the meeting.

Unuhia, unuhia, unuhia ki te uru tapu nui	Draw on, draw on
Kia wātea, kia māmā, te ngākau, te tinana, te wairua	Draw on the supreme sacredness To clear, to free the heart, the body and the spirit of mankind
I te ara takatū	
Koia rā e Rongo, whakairia ake ki runga	Oh Rongo, above (symbol of peace)
Kia wātea, kia wātea	Let this all be done in unity
Āe rā, kua wātea!	

1.2 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.

1.3 Announcements by the Mayor

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 26 August 2021 and 8 September 2021 will be put to Te Kaunihera o Pōneke | 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

The Chairperson shall state to the meeting.

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.

The item may be allowed onto the agenda by resolution of the Wellington City Council.

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

The Chairperson shall state to the meeting that the item will be discussed, but 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 31.2 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.

2. General Business

GOVERNMENT REFORM: THREE WATERS

Purpose

1. This report updates Te Kaunihera o Pōneke | Council on:
 - The Government's Three Waters Reform programme.
 - The specific data and modelling Council has received to date.
 - The implications of the revised Three Waters Reform proposal for Council and alternative service delivery options.
 - Next steps (including uncertainties).

Summary

2. Over the past four years central and local government have been considering the issues and opportunities facing the system for regulating and managing the three waters (drinking water, wastewater, and stormwater) – Three Waters Reform. The background is provided in Attachment 1, including information on Taumata Arowai.
3. Taumata Arowai became a new Crown entity in March 2021 and will become the dedicated water services regulator later this year. There is an expectation that monitoring, compliance and enforcement of mandatory standards will increase substantially on the status quo requirements and costs, as will the coverage and requirements of the standards themselves. Further information on the role and work of the regulator as it affects Local Government is provided in Appendix 1.
4. The Government has concluded that the [case for change](#)¹ to the three waters service delivery system has been made [please see Attachment 2 for further information] and during June and July 2021 it released information and made announcements on:
 - The direction and form of Three Waters Reform, including [proposed new Water Service Entities \(four and their indicative boundaries\)](#), their governance arrangements and public ownership.
 - Individual Water Industry Commission for Scotland (WICS) Council data based on the information supplied under the Request for Information process
 - A package of investment (\$2.5b) for councils to invest in the future for local government, urban development, and the wellbeing of communities, ensuring no council is worse off as a result of the reforms, and funding support for transition.
 - An eight-week process for Councils to understand the implications of the reform announcements, ask questions and propose solutions and for Government to work with Councils and Mana Whenua on key aspects of the reform (including governance, integrated planning and community voice).
5. Council has been placed in Entity C and our better off funding allocation is \$66.82m.

¹ [Transforming the system for delivering three waters services \(dia.govt.nz\);
https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/\\$file/transforming-the-system-for-delivering-three-waters-services-the-case-for-change-and-summary-of-proposals-30-june-2021.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/$file/transforming-the-system-for-delivering-three-waters-services-the-case-for-change-and-summary-of-proposals-30-june-2021.pdf)

6. While the Government and Local Government New Zealand (LGNZ) consider that national case for change has been made, Wellington City Council (WCC) will ultimately need to make a decision based on the Wellington context if the process to join one of the proposed entities remains voluntary.
7. Consistent with the Government's case for change, the Mayoral Taskforce Three Waters highlighted major flaws in the way the City's three waters have been managed and identified that the status quo would not serve the City in the future. The Taskforce signalled that substantial change was required. On 11th March 2021 the Strategy and Policy Committee resolved:
to commit to the concept of an independent, publicly-owned, not-for-profit water management and asset owning entity that is governed and operated in accordance with a statement of intent from shareholding Councils
8. The Committee noted that there would be significant impact on the Council's financial accounts that are yet to be fully assessed.
9. At the Pūroro Waihanga Infrastructure Committee meeting of 12th August 2021 the Committee received an initial report outlining the Government's proposal to reform the three waters sector. The Committee resolved to:
 - Note that major change is required for three waters management, even if reform does not proceed.
 - Note that there is increasing public awareness around the Government's proposed three waters reform along with a call for a public referendum on the sale and or transfer of Council's strategic water infrastructure assets and that this reform takes place in a context of a wider reform of local government and resource management which has the potential to fundamentally change the nature of local democracy.
 - Note that the 14 December 2020, Cabinet Paper: Progressing the three waters service delivery reforms (paragraphs 81 to 95) recognises that the scale of the reforms would ordinarily involve the right of communities to participate in a special consultative process, described as 'not fit for purpose' and 'unlikely to achieve a desirable outcome' and the Minister's preference for their replacement with new legislation and a new process that is to apply to the reforms but would be time limited.
10. This report provides the Committee with analysis of the information provided and assesses the Government's proposal and currently available service delivery options. In preparing it, officers have used the Local Government New Zealand, Taituarā, Te Tari Taiwhenua (DIA) guidance² and the work of the Mayoral Taskforce to assist Council to understand the information that has been provided to date and enable Council to prepare for future decisions and consultation and engagement with communities.
11. As a part of the three waters reform the Government has agreed to recognise and provide for Iwi/Māori rights and interests with a specific focus on service-delivery. This approach has been informed through numerous engagements with iwi / Māori which will continue through the reform programme lifetime.

² <https://www.lgnz.co.nz/assets/Three-Waters-Guidance-for-councils-over-the-next-eight-weeks-FINAL.pdf>

12. In summary:

- WICS analysis undertaken estimates that in order to meet future investment pressures the average household cost per annum of three waters would increase in Wellington City from \$950 to \$2,440 in 2051. Through adopting reform, this would be reduced to \$1,260. The analysis shows that the projected average cost per household is not unreasonable, particularly given the higher level of capital investment forecast and noting that there are a range of uncertainties and risks, Wellington City specific information looks broadly correct, with the exception of the calculation around debt. Officers are currently engaged with DIA on correcting and agreeing this calculation.
- Given the peer reviews of the modelling and underlying assumptions (which always carry a degree of uncertainty) no further analysis of this work has been done or is proposed and staff have focussed on the reasonably practicable options and their implications for Council and the community.
- Doing nothing is not an option, as outlined by the Taskforce, and as agreed by the Strategy and Policy Committee on 11th March 2021.
- Two feasible options available to Council for three waters service delivery have been identified that address the issues raised by the Taskforce. While other options are technically available to Council (such as delivery of services direct by the Council), given the arrangement already in place with Wellington Water Limited, and the findings of the Taskforce, those options are not considered reasonably practicable and are not progressed further. Similarly, the status quo is not considered a practicable option given the issues experienced to date and the findings of the Taskforce.
- **Option A - Government proposal:** The greater financial capability, efficiency, affordability and community/water benefits (as published by Government) of delivering three waters to the community by the proposed new Water Services Entities (WSEs) are likely to be of significant value if they can be realised.
 - Our analysis suggests there should be reduced risk to Council of non-compliance with standards and processes, and lower costs for delivery and procurement. Council also would not be responsible if a non-council supplier couldn't meet standards.
 - There are risks that need further analysis including; the governance and oversight model, loss of community engagement, integration with planning and growth, the impact on the Council's balance sheet, focus on resilience, and the household ability to pay.
- **Option B – Asset transfer to an enhanced Wellington Water Limited (WWL) model:** This would see assets transferred to WWL but would likely require a legislative change to enable WWL to properly leverage its assets. The efficiencies identified by WICS would not be available due to the relatively small scale. This option better addresses the risk of further disconnection from the community.
 - It enables some continued efficiencies (in planning, programming, procurement and delivery), but the integration risks with spatial, growth and local planning and uncertainties around the future costs to households remain.
 - There are risks that need to be addressed around; the fundamentals of affordability and efficiencies, buy-in from all shareholders, issues with debt and asset transfer including inability to free up balance sheet, the cost to householders and the legislation change necessary for this option to be effective.

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13. Council bears the risk of meeting the new water standards, environmental requirements and achieving compliance. There are also implications and challenges for non-Council supplies to meet water quality requirements, with the risk that these supplies might default to Council in the future.
 14. Some of these issues might be mitigated if the WSE operating model were to be structured around responding to sub-WSE groupings. Regardless of how it is structured or how the assets are transferred, Option B still has constrained ability to raise the debt required to invest in the infrastructure deficit within the required timeframe.
 15. Other Government reforms (Resource Management Act, Future of Local Government) pose opportunities and challenges for each option.
 16. The law currently prohibits Council's deciding to opt-in to the current proposal (given section 130 of the Local Government Act 2002 and what we know about this option at present). Current decision-making requirements, including the need to take account of community views and strategic nature of the assets involved, would also preclude Council deciding to opt-in at this time without further consultation.
 17. Similar requirements apply if the Council wishes to consider alternative arrangements that involve asset transfers, divestment, or a change in ownership deliver water services in the future.
 18. There are a number of issues, concerns and uncertainties for the Government and Councils to work through before a robust Council decision (and decision-making process) can be produced, including whether legislative change will enable the WSE to be established. Therefore, there is no expectation that Councils will make a decision to opt-in (or out) or commence community engagement or consultation over the eight-week period.
 19. The Council is requested to consider the issues that arise from the Government's proposal and any potential solutions so these can be raised with Government and LGNZ.
 20. Government decisions on entity boundaries, governance and transition and implementation arrangements will occur after the eight week-process ends (30 September 2021).
 21. On the assumption that the reform goes ahead, it is anticipated that Councils will continue to deliver water services until at least early 2024 and Council involvement in transition will be required throughout.

Recommendation/s

Officers recommend the following motion

That Te Kaunihera o Pōneke | Council:

- 1) Receives the information.
- 2) Notes the advice on the accuracy of the information provided to Council in June and July 2021 is broadly consistent with officers' view, with the exception on detailed calculations around debt which are the ongoing subject of discussion with the Department of Internal Affairs (DIA).
- 3) Notes that the Government proposal is aligned with the findings of the Mayoral Taskforce: Three Waters, albeit on a larger, multi-regional scale.
- 4) Notes that the Government intends to make further decisions about the three waters service delivery model after 30 September 2021.
- 5) Notes that it would be desirable to gain an understanding of the community's views once Council has further information from the Government on the next steps in the reform process.
- 6) Requests the Chief Executive Officer (CEO) to continue to work in collaboration with Government to achieve the best outcome for the City, and to seek guidance and give feedback on the following areas:
 - Clarification of the decision-making process and pathway beyond 1st October, including ongoing sector engagement in the design and establishment of the Water Services Entity (WSE) and consultation with the public and Iwi / Māori.
 - A review of the governance structure, working with Councils and Iwi / Māori to develop a model that allows for strong local representation based around sub-WSE cluster areas, and with citizens at the centre of the model rather than on the periphery.
 - WSE planning and investment prioritisation processes need to be aligned with the community needs at a sub-WSE area.
 - The scope of the stormwater role that the WSEs will play, both in relation to growth and development planning, development control, asset management and maintenance particularly of green and water sensitive assets.
 - Clarification of the opportunities for local influence and planning integration, including:
 - Prioritisation of investment based on sub-WSE areas.
 - The statutory purpose or objectives of the WSE giving greater recognition to local outcomes and wellbeing.
 - Alignment of the WSE planning processes with local spatial planning.
 - Integration of the first three years of LTP investment planning into WSE investment plans.
 - The process to manage disputes, including potential broader role of the economic regulator or ombudsman.
 - The detailed methodology around debt and asset identification and transfer and associated due diligence.

- Acknowledgement that three waters and broader reforms may mean a complete re-shaping of Local Government which therefore must be coordinated to avoid significant disruptions and undue costs to communities.
- 7) Note that the CEO will report back once further information and guidance has been received from Government on what the next steps look like and how these should be managed.

Background

22. Following the serious campylobacter outbreak in 2016 and the Government's Inquiry into Havelock North Drinking Water, central and local government have been considering the issues and opportunities facing the system for regulating and managing the three waters (drinking water, wastewater, and stormwater).
23. The focus has been on how to ensure safe drinking water, improve the environmental performance and transparency of wastewater and stormwater network and deal with funding and affordability challenges, particularly for communities with small rating bases or high-growth areas that have reached their prudential borrowing limits.
24. The Government's stated direction of travel has been for publicly-owned multi-regional models for (with a preference for local authority ownership). The Department of Internal Affairs (DIA), in partnership with the Three Waters Steering Committee (which includes elected members and staff from local government) commissioned specialist economic, financial, regulatory and technical expertise to support the Three Waters Reform Programme and inform policy advice to ministers.
25. The initial stage (Tranche 1 - MOU, Funding Agreement, Delivery Plan and RFI process) was an opt in, non-binding approach. It did not require councils to commit to future phases of the reform programme, to transfer their assets and/or liabilities, or establish new water entities. The 2020 indicative reform programme and then anticipated next steps can be found in [Attachment 1].
26. Council completed the RFI process over Christmas and New Year 2020/21 and the Government has used this information, evidence, and modelling to make preliminary decisions on the next stages of reform and has concluded that the case for change has been made [Attachment 2].

The Mayoral Taskforce

27. The Mayoral Taskforce highlighted major flaws in the way the City's three waters have been managed and identified that the status quo would not serve the City in the future. The Taskforce felt that the current approach to water will not meet future demand, aspirations or community expectations. The Council has underinvested in the three waters infrastructure for many years. The very high-water leakage rate and poor performance of the sewerage network are unacceptable and will be expensive to fix. This will be exacerbated in future with new regulatory requirements.
28. The Taskforce noted that reform proposals recently announced by Central Government give Wellington the opportunity to create a different model for the delivery of water services and the management of water, leading to better outcomes for everyone. In the Taskforce's view, the Government reforms are a step in the right direction.

29. The Taskforce signalled that substantial change was required, that funding would need to be ringfenced and investment substantially increased. On 11th March 2021 the Strategy and Policy Committee resolved:

to commit to the concept of an independent, publicly owned, not-for-profit water management and asset owning entity that is governed and operated in accordance with a statement of intent from shareholding Councils

30. The Committee noted that there would be significant impact on the Council's financials that are yet to be assessed.

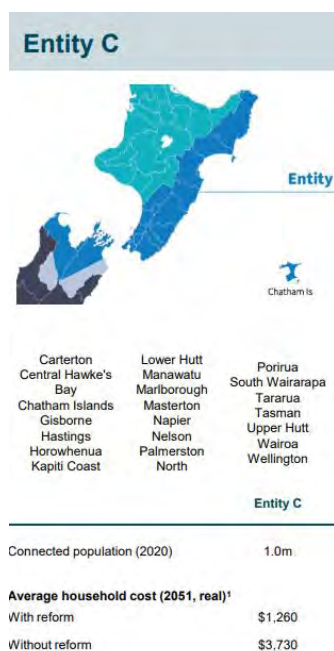
Government's announcements and information releases

31. In June 2021 a suite of information was released by Government that covered estimated potential investment requirements for New Zealand, scope for efficiency gains from transformation of the three waters service and the potential economic (efficiency) impacts of various aggregation scenarios.³
32. In summary the modelling indicated a likely range for future investment requirements at a national level in the order of \$120b to \$185b, an average household cost for most councils on a standalone basis to be between \$1,910 and \$8,690 by 2051. It also estimated these average household costs could be reduced to between \$800 and \$1,640 per household and efficiencies in the range of 45% over 15-30 years if the reform process went ahead. An additional 5,800 to 9,300 jobs and an increase in GDP of between \$14b to \$23b over 30 years were also forecast.
33. As a result of this modelling, the Government has decided to:
- Establish four statutory, publicly owned water services entities that own and operate three waters infrastructure on behalf of local authorities
 - Establish independent, competency-based boards to govern
 - Set a clear national policy direction for the three waters sector, including integration with any new spatial / resource management planning processes
 - Establish an economic regulation regime
 - Develop an industry transformation strategy.
34. The proposed safeguards against privatisation can be found on page 26 of the DIA's [summary of the case for change](#).
35. The Government decision is aligned with the findings and recommendations of the Mayoral Taskforce.
36. Both DIA and LGNZ have produced two page national overviews, available on the DIA website⁴ and LGNZ websites⁵ respectively. Attachment 2 contains more detail on the national context and Attachment 3 and 4 provide the DIA/LGNZ overviews.
37. Wellington City has been placed in Water Services Entity (WSE) C, although the precise boundaries are still up for discussion.

³ This information, including peer reviews and the Minister's briefing can be accessed at: <https://www.dia.govt.nz/Three-Waters-Reform-Programme> and [release-of-second-stage-evidence-base-released-june-2021](#).

⁴ [2872-DIA-A3-A New Water with-without reform Map 20210526 v2.7](#)

⁵ [Three-Waters-101-Infographic.pdf \(lgnz.co.nz\)](#)



38. On 15 July, in partnership with LGNZ under a Heads of Agreement⁶, the Government announced a package of \$2.5b to support councils to transition to the new water entities and to invest in community wellbeing. The detail of the funding (including expectations around the use of reserves) and the full list of allocations is available on the DIA website. Conditions associated with the package of funding have yet to be worked through.
39. In addition to the funding announcements, the Government committed to further discussions with local government and iwi/Māori over an eight-week period on:
 - The boundaries of the WSEs.
 - How local authorities can continue to have influence on service outcomes and other issues of importance to their communities (e.g. chlorine-free water).
 - Ensuring there is appropriate integration between the needs, planning and priorities of local authorities and those of the WSEs.
 - How to strengthen the accountability of the WSEs to the communities that they serve, for example through a water ombudsman.
40. Next steps are expected to be announced in October 2021, which would include the timeframes and responsibilities for any community or public consultation.
41. It is also important to note that the Government has not ruled out legislating for an “all-in” approach to reform to realise the national interest benefits of the reform.
42. In the interim the DIA continues to engage with council staff on transition matters on a ‘no regrets’ basis should the reform proceed. These discussions do not pre-empt any decisions about whether to progress the reforms or whether any individual council will transition.
43. On the assumption that the reform goes ahead, it is anticipated that councils will continue to deliver water services until at least early 2024 and council involvement in transition will be required throughout.

⁶ [https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/\\$file/heads-of-agreement-partnering-commitment-to-support-three-waters-service-delivery-reform.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/$file/heads-of-agreement-partnering-commitment-to-support-three-waters-service-delivery-reform.pdf)

Mana Whenua

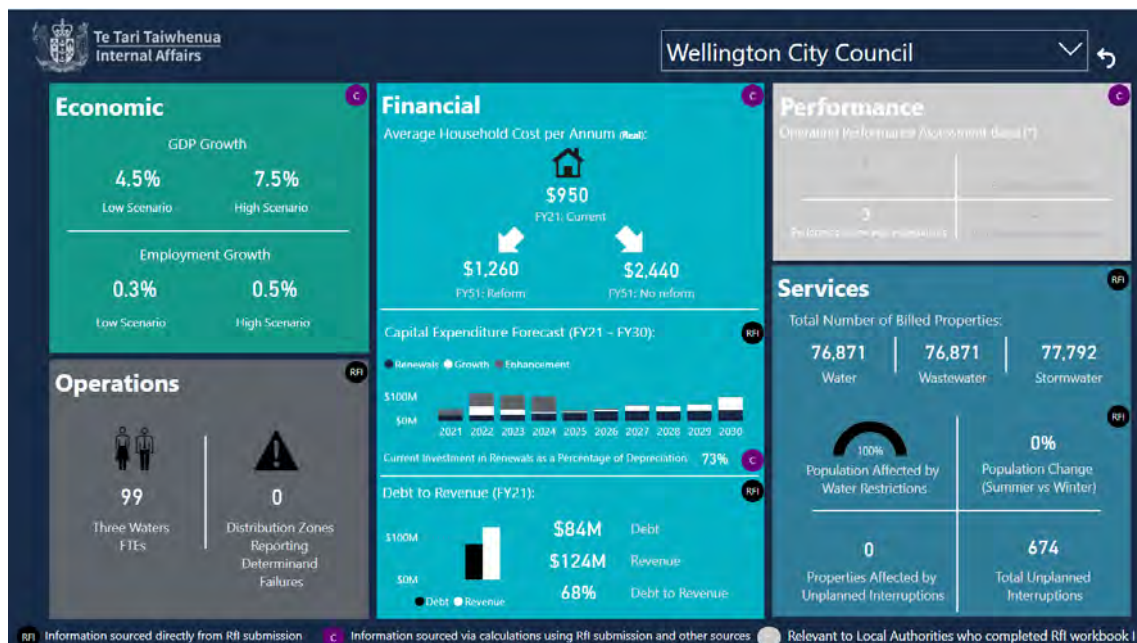
44. As part of the three waters reform proposals, Cabinet agreed to recognise and provide for Iwi/Māori rights and interests with a specific focus on service-delivery. It is proposed that Iwi/Māori will have a greater role in the new Three Waters system, including pathways for enhanced participation by whānau and hapū as these services relate to their Treaty rights and interests.
45. The Department of Internal Affairs (DIA) led engagement with iwi/ Māori through many workshops across the country, webinars, technical reference groups and one on one discussions. This engagement has had mixed results.
46. DIA expects to continue its engagement on three waters service delivery reforms with iwi/Māori throughout the reform programme lifetime (anticipated to take until 1 July 2024). The WSEs, when live, will also be required to form relationships with mana whenua and resource this relationship.
47. To date the Crown (nationally) and the Greater Wellington Regional Council (GWRC) (regionally), have been leading three waters reform engagement with Iwi/Māori in Wellington. To date the Council has been careful not to double up. The time is now right to engage more locally, and it is expected that Iwi will be included in any further local engagements and activities related to the reforms as it progresses.
48. Mana Whenua involvement in the reform programme, whether working alongside DIA or Council, will ensure that a strong foundation is built which will enable active engagement when and if the government proceeds with its three water reforms. Opportunities are laid out below:

Design feature	Description	Opportunity for Iwi/Māori
Statutory recognition of the Treaty of Waitangi	Rights and interests of Iwi/Māori will be recognised and provided for in service-delivery arrangements for the new Three Waters system	Uphold existing Treaty Settlement arrangements, including through transition and the standing-up of new entities
Statutory recognition of Te Mana o Te Wai	Te Mana o Te Wai will be recognised and provided for in service-delivery arrangements for the new Three Waters system	Each entity will be required to give effect to Te Mana o Te Wai both in legislation and as articulated by mana whenua over a defined waterbody
Creation of Mana Whenua Groups for each Entity	A Mana Whenua Group for each of the four entities will be established to guide strategic performance expectations alongside local government	Each Mana Whenua Group will have equal voting rights to local government and the new entities will have statutory obligations to fund and ensure Mana Whenua participation
Te Mana o Te Wai statements	Legislation will broadly describe Te Mana o Te Wai, however the emphasis is that mana whenua define what Te Mana o Te Wai means to their specific location. Operationally, a statement can take the form of an Iwi Management Plan, Cultural Impact Statement or the like	Provides an instrument for mana whenua to prioritise their capacity and capability to participate in the new system and recognises the role of whānau and hapū in providing kaitiakitanga activities

Council specific information and analysis

49. While the Government and LGNZ consider that national case for change has been made, the Council will ultimately need to make a decision based on the Wellington context.
50. Councils do not have a national interest test for their decision making. Councils are required to act in the interests of their communities and the community's wellbeing (now and into the future), provide opportunities for Māori to contribute to their decision-making processes, ensure prudent stewardship and the efficient and effective use of its resources in the interests of the district or region (including planning effectively for the future management of its assets) and take a sustainable development approach.
51. Most aspects of physical asset management are carried out on the Council's behalf by WWL, which means that the substantive impact on Wellington City Council is the impact on the balance sheet. While finer details of financial impacts and asset transfer remain unclear, broad analysis has been undertaken.
52. The Government's case for change is premised on the notion that centralisation will be significantly more efficient than status quo models. The Government's modelling is constructed around analysis undertaken by the Water Industry Commission of Scotland (WICS). At the most basic level it assumes that changes in water regulation now force the need for significant change in the level of investment in water infrastructure.
53. WICS concluded that:
Modelling suggests that there is a very low probability that Wellington City residents would not be better off under a successful implementation of the proposed reforms to the Three Waters in New Zealand. They will likely be considerably better off financially.
54. The Government's position is that the scale of investment, an additional \$120b - \$185 b, is so significant that local and regional bodies do not have the financial capacity to fund the necessary investment under the current borrowing and finding settings. This is broadly consistent with the findings of the Mayoral Taskforce, and options advice provided by WWL as part of the LTP. The analysis undertaken by WICS strongly suggests that centralisation of water services will provide material efficiency dividends for the local communities. This efficiency dividend sees communities get far greater outcomes for the money they pay for three waters services than the status quo, efficiencies are estimated to be as high as 45% over the next 30 years.
55. DIA has produced a series of tools to illustrate the outcome of WICS analysis, for example the Council dashboard below⁷:

⁷ Along with the dashboards of other councils, this can be accessed on the DIA [website](#).



56. In general the WICS analysis and underlying information for the next 30 years looks broadly accurate when compared with the Council's own information and LTP 2021-31.
57. While prepared at the national level, it has been peer reviewed by [Farrierswier](#) and [Beca](#) to ensure that both the modelling and underlying assumptions are reasonable in the New Zealand context. It therefore provides a reasonable indication of the "order of magnitude"⁸ of the gains that can be delivered through the new system and the level of future investment Council is likely to need to make over the next 30 years.
58. At this stage it is not possible to fully test the projections as the standards for Aotearoa/New Zealand out to 2051 are not known, although it is reasonable to assume that there will be greater community and mana whenua expectations around environmental performance and quality, tougher standards to meet for water quality (drinking and receiving environment) and that monitoring, compliance and enforcement will be greater than it is now. This affects both operational and capital expenditure (costs will go up), including the number of staff (or contractors) that council will need to ensure Council outcomes for water and community and legal requirements are met.
59. There is always a level of uncertainty and therefore risk around assumptions and forecasts, whether prepared by us for our LTPs or by others such as Government to facilitate policy decisions, such as the current Three Waters Reform process.
60. To assess whether the proposed better off and no worse funding to Council is sufficient Council needs further information on the conditions that will be associated with that funding. For the purposes of the following analysis, it is assumed that this funding would provide Council with an opportunity to address a range of issues and opportunities to improve community wellbeing in partnership with mana whenua and the communities Council serves.

⁸ Page iv, 2021, Farrierswier, Three Waters Reform, Review of methodology and assumptions underpinning economic analysis of aggregation available at [https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/\\$file/farrierswier-three-waters-reform-programme-review-of-wics-methodology-and-assumptions-underpinning-economic-analysis-of-aggregation-released-june-2021.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/$file/farrierswier-three-waters-reform-programme-review-of-wics-methodology-and-assumptions-underpinning-economic-analysis-of-aggregation-released-june-2021.pdf)

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61. A key principle of three waters reform is to leave participating councils in a similar or better financial position following the reform than it was before reform. As each council has different ways of managing their finances, the mechanism to achieve this will need to be individualised. DIA is continuing to work with councils to establish the method to achieve this outcome.
62. In July the Prime Minister announced a financial support package of \$2.5b. There are two broad components to this support package:
- \$2b to invest in the future of Local Government and community wellbeing, while also meeting priorities for government investment (the “better off” component). This comprises \$1b Crown funding and \$1b from the WSEs and is allocated to Councils based on a nationally consistent formula that takes into account population, relative deprivation and land area. Up to \$500m will be made available from 1 July 2022, with the remainder available from 1 July 2024 on WSE establishment. The process for release of this amount is being worked through and further details will be provided in the coming months.
 - An estimated \$500m to ensure that no Council is in a materially worse position financially to continue to provide services to its community as a direct result of the reform (the ‘no worse off’ component). DIA has advised that this funding is not capped and will come from the WSEs. It includes up to \$250m to support Councils to meet the unavoidable costs of stranded overheads associated with the transfer of water assets, liabilities, and revenues. This funding is made available at the time of or shortly after transfer of assets, liabilities and revenue.
63. In addition to the support package, the Government expects to meet the reasonable costs associated with the transfer of assets, liabilities, and revenue to new water services entities, including staff involvement in working with the establishment entities and transition unit, and provision for reasonable legal, accounting and audit costs. There is an allocation for these costs within the \$296m tagged contingency announced as part of the 2021 Budget Package for transition and implementation activities.

Wellington City Council’s share of national funding

64. Wellington City Council has been allocated:
- \$66.82m from the better off fund. This funding is to be focused towards supporting communities to transition to a sustainable and low emissions economy, including by building resilience to climate change and natural hazards, or delivering infrastructure that enables housing and local place making. (Note that a portion of this amount may need to be allocated to GWRC as they were erroneously omitted from the initial allocation list and subsequent advice from DIA is that Wellington Territorial Authorities might need to apportion some of their funding to GWRC).
 - Based on initial analysis by DIA, WCC will receive a significant portion of the no worse off fund.
 - A share of \$50m allocated to Auckland, Christchurch and the WWL shareholding councils. Wellington City Council expects its allocation to be approximately \$12m based on its shareholding percentage of WWL. This specific carve out of Wellington Water shareholding councils recognises that a nationally consistent formula is likely to overstate the stranded costs for these councils due to their significantly greater scale and population. Stranded costs should be lower with respect to WWL shareholders as these Councils have already undertaken a transfer of water services responsibilities, however \$12m is unlikely to be sufficient to cover all stranded overheads.

The Financial Mechanics of Three Waters Reform

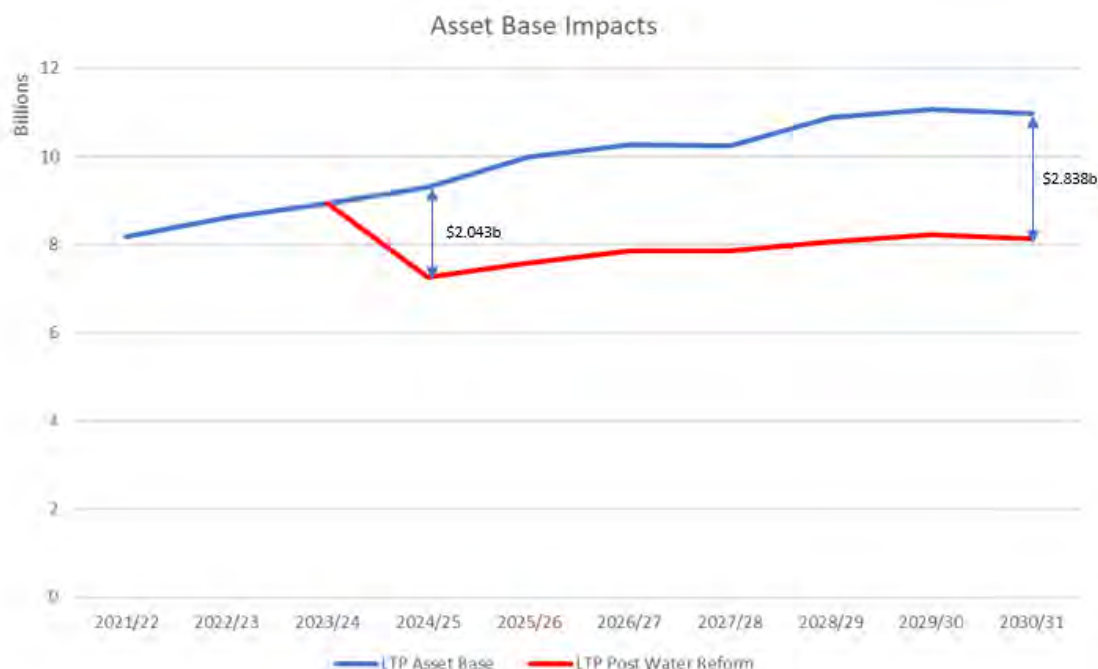
65. The reform process has three main financial elements:
- Transfer assets from participating councils to the WSE.
 - Transfer three waters debt held by participating councils to the WSE.
 - Transfer people resource (stranded overhead) that currently work primarily on three waters to the WSE.
66. DIA has advised that WSEs will be stood up well in advance of the reform start date, with work on governance, strategy, financial systems and operational processes well underway. However, DIA acknowledges that it is unlikely the organisations will be ready to receive all assets from the reform start date, and councils will likely be required to continue to operate some water functions throughout an extended transition period.
67. The asset transfer process and financial compensation methods have yet to be finalised, and therefore further advice will be provided once information is available. Broadly, participation in the reform will require the transfer of all assets and any identifiable debt to the WSE.
68. DIA has made it clear that all operational staff will transfer over with the same terms and conditions in order to provide certainty in this early stage, however decisions on the timing of the transfers, roles and responsibilities and associated management structure have yet to be made.

Financial Impact on the Wellington City Council

69. There are five key areas where there will be a financial impact on WCC.
- The loss of three waters assets.
 - The loss of three waters revenue.
 - The novation or retirement of three waters debt.
 - The impact on Council's debt capacity.
 - The impact on Council's 2021-31 Long-Term Plan capital plan.

Three Waters Assets

70. Based on the investment forecast in the 2021-31 LTP the value of three waters assets in 2024 will be \$2.04b. This equates to approximately 21% of Council's total asset



value to be transferred.

- 71. This transfer of assets will be offset by the release of \$1.35b in three waters asset revaluation reserve, leaving a preliminary reduction in capital of \$693m. This impact will be offset by any compensation from, or debt transferred to, the WSE.

Three Waters Revenue

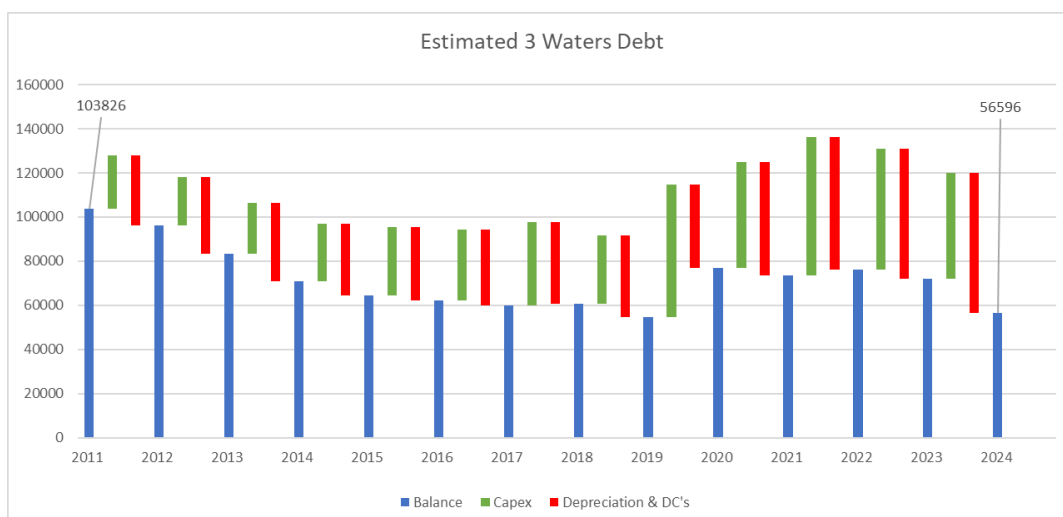
- 72. Approximately 21% of Council's gross revenue is related to the provision of three waters services. The ability to charge ratepayers for the cost of water services will pass to the WSE through participation in the reform process.



- 73. As three waters revenue is offset by the cost of three waters services, there is no impact on operational Profit & Loss Statement for Council.

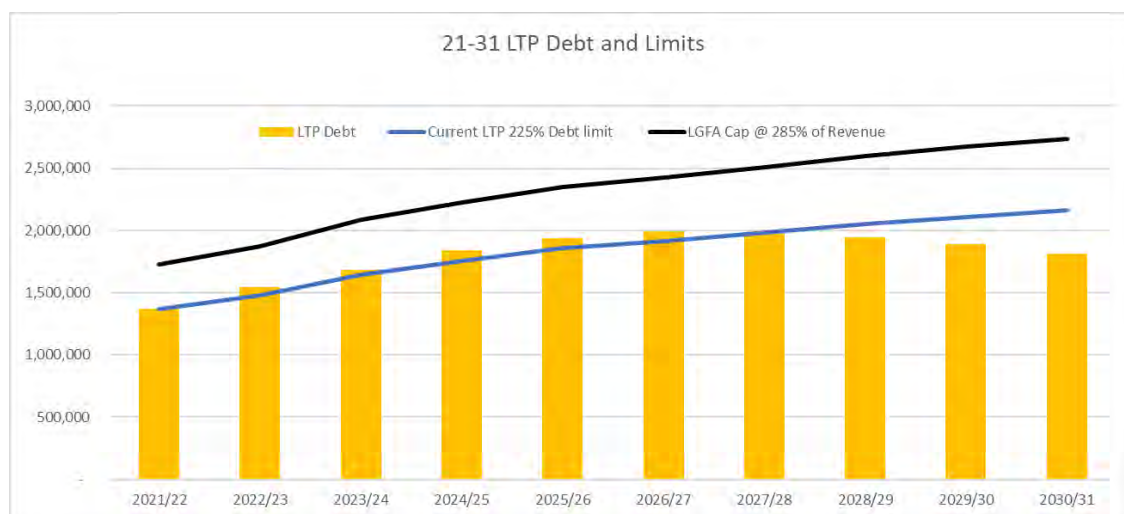
Three Waters Debt

- 74. Debt associated with funding three waters investment is forecast to be \$57m in 2024, out of total forecast WCC debt of \$1.84b. Three waters debt will represent only 3.1% of total Council debt.
- 75. The reason the amount of debt doesn't reflect the scale of the asset base is primarily because depreciation has outstripped investment for much of the last decade. This was a key finding of the Mayoral Taskforce.



Wellington City Council debt capacity

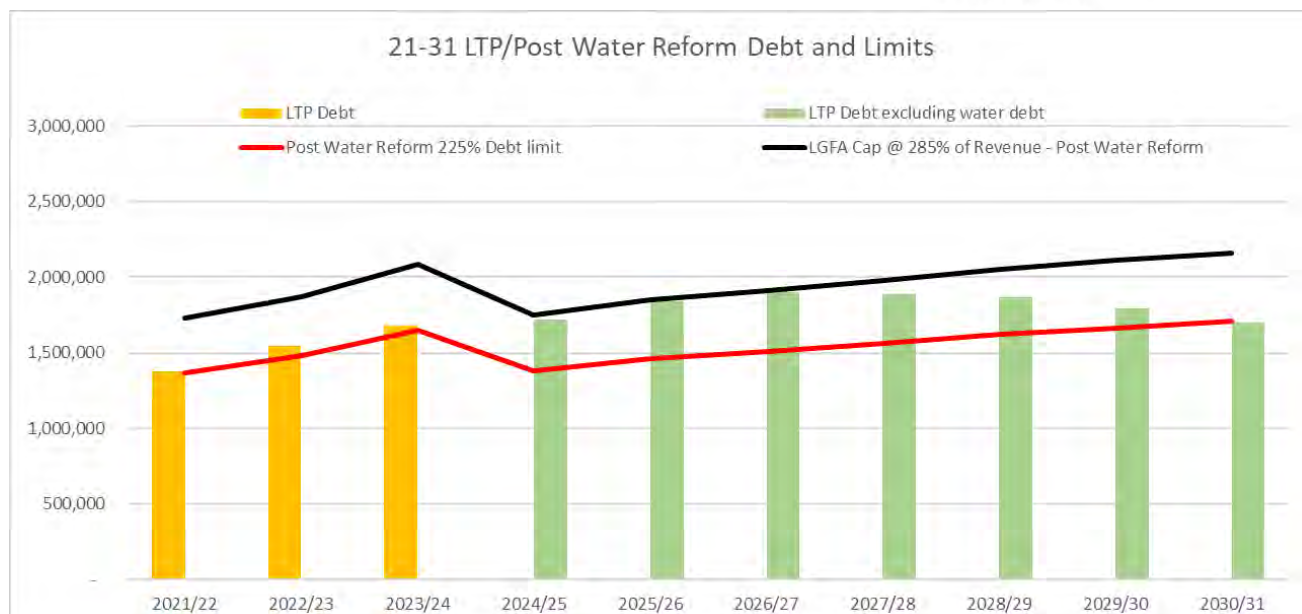
76. The importance of three waters revenue to Council is related to the debt capacity it creates. Debt capacity provides council with flexibility in what it chooses to invest in, and capacity to manage any financial shocks. Debt capacity is derived by multiplying revenue by the self-imposed limit of 225%.



77. The LTP debt balance is made up of money borrowed to fund the Council’s capital programme and the required headroom needed for insurance purpose. The gap between the debt balance and the debt limit is the residual debt capacity Council is maintaining to provide itself with financial flexibility. There is no excess debt capacity until year 7 of the LTP.

78. The most significant impact of water reform on Council is the loss of revenue described above. On face value Council’s debt capacity is reduced by \$377m due to the loss of three waters revenue.

79. With the low value of debt allocated to three waters, there is a significant mismatch between the loss of debt capacity and the reduction in debt from participating in the reform process. The following chart illustrates how this creates a significant issue for Council.



80. Based on announced financial assistance, Council debt forecast post reform encroaches very close to the LGFA maximum limit out to year 6, does not drop to within self-imposed debt limits until year 10, and leaves Council no debt capacity to weather any financial shocks over the LTP period.

The impact on Council's 2021-31 Long-Term Plan capital plan

81. The profile above is based on the current LTP, which will not fix our network problems. For example, the LTP provides around \$330m for renewals, but WWL's advice was to invest \$578 for renewals. This is not a simple funding equation, as the market's capacity to deliver even year 1 of the LTP is constrained. It is anticipated that some WWL service levels may continue to decrease and therefore increase operating costs.

'No worse off' principle of Three Waters Reform

82. Officers are actively engaging with DIA to determine how this principle will be applied to provide additional financial relief to Council. The current thinking is that the WSE will make a special payment, or a series of payments, to Council to ensure its debt to revenue ratio does not exceed the levels in the LTP.
83. Current analysis by DIA suggests there are only two Councils that will require a material payment to ensure they are financially no worse off if they opt-in to three waters reform.
84. The broad estimate to ensure Council is no worse off is currently between \$300-\$400m. The reason this estimate is so broad is it is unclear whether it covers only the shortfall at the time of asset transfer, or whether it covers a more extended period where the LTP had looked to use debt capacity generated from three waters revenue to fund non three waters infrastructure.
85. Work between Council officers and DIA officials is ongoing.

Financial Summary

86. Participating in three waters reform will have a material impact on Council's balance sheet, and potentially could create a large one-off charge to Council's profit and loss statement. The scale of the one-off charge will depend on the amount of the payment made under the "no worse off" principle of these reforms.

87. A key negotiation point with the Crown will be to ensure Council is “no worse off” with regards to dept capacity over the period of the LTP.
88. If Council does not participate in reform, this problem does not disappear. The impact of depreciation having outstripped investment for many years is now evident with costly failures across the City, and the Council will be left to fix the significant underinvestment on its own. In future this will be exacerbated by a new regulatory regime, the pursuit of zero carbon policies and the anticipated sharp increase in growth.

Asset condition and maintenance

89. WWL advises that 50-60% of the Council’s water supply and wastewater pipe assets are due for renewal in the next 30 years based on age and expected lifetime. This includes an existing theoretical ‘backlog’ of assets that have already passed their nominal, age-based lifetime.
90. WWL has signalled a need to increase the level of funding for operations and maintenance, renewals, and for asset condition assessment.
91. Significant infrastructure failures at Dixon/Willis Streets and the Mt Albert tunnel in late 2019 and early 2020 have highlighted shortcomings in asset condition knowledge and asset management practices. The funding for and investment in asset renewals has been shown to not keep pace with requirements. This is exacerbated in some areas by the premature failure of assets before the end of their economic life, such as asbestos cement water mains.

Carbon implications and considerations

92. Wellington City aspires to become a low waste and low carbon City through embracing the principle of Ōhanga āmiomio (circular economy) - to mitigate the environmental impacts of Wellington City by reducing resources used and increasing reuse and recovery of resources.
93. Waste received at the Southern Landfill accounts for approximately 64% of Wellington City Council’s own carbon emissions, and 4% of the City’s emissions profile. Because of the way the landfill operates, carbon cannot be reduced unless sewage sludge is first removed from the waste stream. This in turn cannot occur without significant investment in the Mōa Point Wastewater treatment plant. This project is underway in partnership with Crown Infrastructure Partners.
94. If the City is to achieve its carbon goals, it is essential that this project is successfully delivered.

Resilience -flooding and climate change

95. Many parts of Wellington are either low lying relative to sea, to streams, at the base of catchments or without overland flow paths. The piped storm water network is designed to cope with up to 1-in-5 (for older parts of the network) and 1-in-10-year rain events in newer parts of the network. Both are reliant on overland flow paths being available for more intense rainfall events.
96. Generally, the wastewater network can cope with some wet weather flows, but it does become overwhelmed in storm events with high inflow caused by cross connections and infiltration, through cracks in pipes and joint displacement.
97. As the climate changes with more intense rain events, our stormwater will increasingly come under stress, and we can expect more flooding and more slips. We are going to have to learn to live with more water, and to plan our City infrastructure accordingly.

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98. The LTP does not contain significant investment in stormwater, with around 12% of three waters budgets (\$83m over ten years) allocated for upgrades, growth and renewals. In March 2020 it was agreed that that seismic resilience and urban flooding would be deprioritised in favour of other strategic investment priorities.⁹

Resilience-seismic

99. Of all the cities in New Zealand, the seismic risk for Wellington is the greatest, and our investments in pipes and reservoirs such as Omāroto, have been underpinned by our understanding of this vulnerability. With reform, it will be critical that resilience in our water infrastructure moves at the same pace or better than other infrastructure.
100. As a capital City built on several seismic fault lines and with an abundance of other natural hazards, Wellington's three waters infrastructure has particular requirements that must not be lost as efficiencies are sought by the WSE. Other investors in the City are required to meet an enhanced level of resilience, and it is important that lifelines such as the three waters are equally resilient or better.

Audit Opinion

101. The Council has received qualified audit opinions on the 2020 Annual report and the 20131 LTP due to inadequacies with water management. We do not anticipate that the underlying issues are likely to be resolved without substantial structural change.

Compliance with consents and NPS-FM

102. In the last 12 months both of Wellington City's wastewater treatment plants have been the subject of enforcement action by the Greater Wellington Regional Council. The Council is a party to the Joint Venture Committee that has oversight of the Titahi Bay wastewater treatment plant. This plant has also been subject to enforcement in recent years, and its performance remains a significant issue for Mana Whenua and the local community.
103. All of Wellington's streams are below the national bottom lines for water quality. The LTP does not provide for stream quality to be improved, Council has not budgeted to not comply with the law (and any applicable standards, rules or regulations or enforcement undertakings). This is likely to be further highlighted when Te Whanganui a Tara Whaitua releases its report later in 2021.

⁹ On 5 March 2020 the Wellington Water Committee agreed 5 investment priorities: looking after existing assets, enabling growth, sustainable drinking water supply, healthy urban water and climate change, and that less focus would be on seismic resilience and flooding.

Catchment	Scenario	Nutrients for growth			Dissolved oxygen*	Ecology		Human health	
		Phosphorus	Nitrogen	Periphyton		Macro-invertebrates	Fish	E. coli	Primary contact
Owhiro Stream	Model	C	B	C		C	A	E/C	
	BAU	C	B	C		C ↓	A	E/C	
	Improved	C ↑	B ↑	C		C ↑	A	C/A	
	WS	C ↑	B ↑	C ↑		C ↑	A	C/A	
Kaiwharawhara Stream	Monitoring	D ↓ trend		C (NT)	A	C (NT)		E ↓ trend	
	Model	C/D	C	C		C	A/B	E	
	BAU	C/D	C	C		C ↓	A/B	E	
	Improved	C/D ↑	C ↑	C		C ↑	A/B	C	
WS	C/D ↑	C ↑	C ↑		C ↑	A/B	C		
Wellington central catchments	Model	C/D	D/C	D		C/D		E	
Karori urban	Monitoring	D ↓ trend		C (NT)	A	C (NT)		E ↓ trend	
	Model	D	C	C		C		E	
	BAU	D	C	C		C ↓		E	
	Improved	D ↑	C ↑	C		C ↑		D	
	WS	C	C ↑	C ↑		B		D	
Karori rural	Model	C	B	C		C/B	A	D/E	
	BAU	C	B	C		C/B ↓	A	D/E	
	Improved	C ↑	B ↑	C		C/B ↑	A	C/D	
	WS	B	B ↑	C ↑		C/B ↑	A	C/D	

104. The City's three waters infrastructure is not in good shape and there is no clear path to bring it in line with anticipated regulatory change, or to meeting community expectations. Mana Whenua expressed their views in the Mayoral Taskforce:

The costs and impact of these issues have unfairly impacted on many who reside in our city including tangata whenua. Members have lost trust in our City Council, WWL and the Greater Wellington Regional Council (GWRC) in terms of its ability to manage and look after our precious water assets and infrastructure for the people of the today and most of all for our mokopuna (grandchildren) of tomorrow.

Options

105. This section provides an overview of the options available to Council and is followed by an analysis of the Council's reasonably practicable options.
106. This analysis will provide some of the required information to enable Council to make a decision and consult on opting in or out of the reform process at the end of the eight-week period (but not all as there is further information to be developed and decisions to be made), although whether this is ultimately required will be dependent on where the Government gets to with the reform process and the decisions it makes after 30 September 2021.
107. Staff have used the Local Government New Zealand, Taituarā, and Te Tari Taiwhenua Internal Affairs [guidance](https://www.lgnz.co.nz/assets/Three-Waters-Guidance-for-councils-over-the-next-eight-weeks-FINAL.pdf)¹⁰ and the work of the Mayoral Taskforce to understand the potential impact of reform and other practicable options (both today and in the future) in terms of service, finance and funding, economic development and growth, workforce, delivery and capability and social, cultural and environmental wellbeing.

¹⁰ <https://www.lgnz.co.nz/assets/Three-Waters-Guidance-for-councils-over-the-next-eight-weeks-FINAL.pdf>

108. The option of Council as a standalone deliverer of three waters is assessed as not practicable because of the significant issues inherent in unwinding the complex governance, management and delivery arrangements with WWL. The Council would be competing against WSEs and the wider market for the scarce skills and resources needed to plan and deliver three waters services. The Taskforce did not suggest that 'going it alone' would be a viable option, and this has not been progressed.
109. While the Do Nothing option is conceptually always an option, the reality is that doing nothing will not resolve the underlying issues that have failed to meet community expectations to date. This has not been progressed as a viable option.

Option A - Government Proposal

110. This option is as outlined in the report above. Under this option, Council would be in water services entity C, a publicly owned water services entity (WSE) that owns and operates three waters infrastructure on behalf of councils, mana whenua and communities.
111. The ownership and governance model is a bespoke model, with councils listed in legislation as owners, without shareholdings or financial interests, but an advocacy role on behalf of their communities. Iwi/Māori rights and interests are also recognised and representatives of local government and mana whenua will sit on the Regional Representative Group who issue a Statement of Strategic and Performance Expectations and receive a Statement of Intent from the Water Services Entity. Entities must also consult on their strategic direction, investment plans and prices / charges.
112. The proposed reforms model represents a very significant change process to address fundamental issues of future standards and affordability. Implementation of this model will require ongoing decisions by Government and legislative change followed by 5-10 years for the proposed WSE to develop a maturity model and realise the anticipated benefits of the reforms.

Key benefits of Option A	Key risks and issues with Option A
<ul style="list-style-type: none"> • Potentially very significant efficiency gains through scale, procurement, governance, capability, economic regulation • Increased financial capacity / borrowing through separation of the balance sheet • Increased affordability of water services • Ability to respond to water regulation • Reduction in Council's current risk profile including compliance risk and the risk of not meeting standards • Ability to deliver on, and more control over New Zealand's carbon reduction goals at scale. 	<ul style="list-style-type: none"> • Aspects of the model remain unclear at this time and could lead to risks or sub-optimal outcomes: • Governance and oversight, including the role of Iwi / Māori across such a large geographical area and multiple interests and owners • Further loss of community engagement. • Protections from future privatisation • Prioritisation of investment including: local needs, alignment with planning, growth and wider community outcomes • Financial impacts on Council including debt transfer and the details of the package for local government • Impacts on local government from wider sector reforms • Loss of focus as a lifeline utility • Transition including impacts on communities through the change process, workforce and capability • Householders' ability to pay.

Option B - Asset transfer to enhanced WWL model

113. This option would see three waters assets transferred to an enhanced WWL, which may extend beyond the current shareholding Councils.
114. This type of model was identified as a potential option through the Taskforce and through the Hawkes Bay Councils' three waters review business case process¹¹.
115. Depending on how this option was developed, it may allow for some form of balance sheet separation from Council to enable greater borrowing and investment. This would however most likely require some form of legislative change to enable WWL to properly leverage its balance sheet.
116. Significant further analysis and buy-in from the shareholder councils would be required to develop and implement this model. This would include working through aspects of the Government's model that have been identified as unknowns or potential risks above.

Key benefits of Option B	Key risks and issues with Option B
<p>Potential to realise similar types of benefits to Option A but to a lower scale:</p> <ul style="list-style-type: none"> • Builds on known WWL model with established workforce, oversight and governance • Potentially less disruption from transition to communities through the change process, workforce and capability • Greater Council control and more certainty over local infrastructure integration (planning and delivery) with land use plans and council objectives • Efficiency gains through scale, procurement, governance, capability, economic regulation • Financial capacity / borrowing • Increased affordability of water services • Ability to respond to water regulation 	<p>Significant further work would be required to develop this model which raises a range of risks and challenges. This would need to include consideration of:</p> <ul style="list-style-type: none"> • Either WWL or WCC, or both, would continue to have debt capacity constraints that result in a similar financial state as the status quo • How to address the fundamental drivers for change of affordability, efficiency gains and costs to community • Buy-in, capability and capacity to manage and govern this process as a major change programme • Governance and oversight model, including the role of Iwi / Māori • Asset and debt transfer and borrowing model if WWL is still tethered to Councils and cannot leverage its balance sheet • Costs to households and systems for charges • Potential or future process for further councils to join this model (e.g. wider Wellington region, Horowhenua, Tararua) • Legislative changes and government buy-in required to enable the model • Process requirements and timeframe including consultation • Does not achieve benefits of scale and efficiencies • Requires agreement from all shareholding councils and each would need to undertake public consultation • Government "not clear if sector-led reform under existing legislation would deliver the kind

¹¹ [Morrison-Low-Report-ofHB-Three-Waters-Review.pdf \(hb3waters.nz\)](https://www.hb3waters.nz/Morrison-Low-Report-ofHB-Three-Waters-Review.pdf)

	<p>of transformation required” – funding support unlikely</p> <ul style="list-style-type: none"> • The interactions would need to be more strategic than is currently the case. • Competition for key staff.
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Summary of Options

117. When the options are assessed against the themes of the Mayoral Taskforce, the relative strengths and weaknesses are emphasised.

Option	Asset information	Stormwater quality	Drinking water conserved	Wastewater renewals	Network resilience	Low carbon	Sustainable funding	Community participation
A - Govt proposal	✓	·?	✓	✓	·?	✓	✓	✗
B – WWL + assets	✗	✗	✗	✗	✗	✓	✗	✓
Status quo	✗	✗	✗	✗	✗	✓	✗	✓
Council delivery option	✗	✗	✗	✗	✗	✓	✗	✓

Transition

118. If the Government’s proposal were to proceed, effective management of the transition by Council, Government and partners will be critical. There are a range of risks that will need to be considered in this regard, including:

- Stranded overheads – ensuring these are adequately mitigated.
- Moving responsibility for direct customer contact, KPIs and regulatory compliance.
- The details of the asset, debt and revenue transfer transactions.
- Clean shifting of revenue gathering process away from the Council.
- Ensuring Wellington specific projects (sludge) and assumptions (resilience) that are in flight, remain in flight.
- Effective transfer of insurance and liability.

Decision Making, Consultation, Referendum and Next Steps

119. At the meeting of the Pūroro Waihanga Infrastructure Committee on 12 August 2021 officers were requested to report back, at the next three water reform update, on the steps required for a public referendum on the matter.

Steps required to undertake a public referendum

120. Under s9 of the Local Electoral Act 2001 (LEA), Council can direct that a public referendum be undertaken.

121. The steps to initiate a referendum are:

- Council would resolve to direct the Electoral Officer to conduct a referendum
- Under the LEA the referendum can be on a number of matters, including any matter relating services that are provided by the Council (such as water services).
- The referendum may be conducted in conjunction with any other election or poll, or separately.
- A referendum under s 9 is treated as a “poll” under the LEA 2001.
- The result is not binding unless the local authority resolves otherwise.
- The electoral officer must give public notice of the poll. The notice must also:
 - state the proposal or subject matter of the poll; and
 - in the case of a binding poll, state the consequences of each possible result of the poll; and
 - in the case of a non-binding poll, state the intentions (if any) of the local authority or other body on whose behalf the poll is conducted in respect of each possible result of the poll;
- The costs of a poll must be paid for by the local authority. Initial suggestions are that these costs would be approximately \$90,000.

122. Under the Local Government Act, a decision to transfer the ownership or control of a strategic asset from the Council (or to it) must explicitly be provided for in the Council’s LTP (and have been consulted on specifically in its consultation document).

123. Council’s existing LTP and the consultation information and process used to develop it will not suffice to meet this test, as Council did not itself have adequate information on the options and the implications earlier this year when it consulted on the LTP. An LTP amendment and commensurate consultation process on the ownership and governance arrangements and asset transfers proposed would be necessary.

124. There are also provisions in the LGA that relate to unlawful decisions to sell or dispose of assets, which can be investigated by the Auditor-General.¹²

125. A decision to opt-out would also be affected by the consultation and decision-making requirements set out in this report, including the need to follow a robust process that could survive a judicial review, as well as make a final decision that was not manifestly unreasonable in the circumstances.

126. Given the Government’s

- 8-week period of engagement with mana whenua and councils,

¹² See sections 43 to 47 of the LGA.

- Commitment to explore issues such as council and community influence of service outcomes, integration with other reform proposals, spatial and local planning,
- Request for councils to give feedback on the proposal, identify issues and solutions, and
- Uncertainty around next steps, including whether the reform may become mandatory or legislative change will remove legal barriers to opting in, it would be premature to make a decision to opt out of the reform process and may expose the Council to litigation risk.

127. Given the points set out above, a referendum is also not recommended at this point.

Consultation issues going forward

128. A Government Bill to progress the reforms could address the issues raised above, for example removing the section 130 requirements has explicitly been raised.
129. At this stage no decision is required on future delivery arrangements. Based on the analysis in this report, Council should wait until it has further information before consulting on and/or making a decision on the Government's proposal.
130. It is recommended that the Council therefore notes the options canvassed in this report, the analysis of them and the information and decisions that are yet to be made.
131. If reform is not made mandatory, to ensure sufficient information is available to meet the moral and legal requirements of Council decision-making staff will further develop the analysis of options (based on further information from the Government, advice on next steps, and regional discussions) prior to Council decision making and consultation on future water services delivery. Whether this is ultimately required will be dependent on where the Government gets to with the reform process and the decisions it makes after 30 September 2021.

Issues for resolution with Government

132. There are still several issues that need to be resolved, including:
- Government clarification of the decision-making process and pathway beyond 1st October, including ongoing sector engagement in the design and establishment of the WSE and consultation with the public and Iwi / Māori.
 - The governance model is too complex and does not enable local input or enable effective representation. A review of the governance structure is required, working with Councils and Iwi / Māori to develop a model that allows for strong local representation based around sub-WSE cluster areas, and with citizens at the centre of the model rather than on the periphery.
 - With 22 Councils in a single WSE, planning and investment prioritisation processes need to be aligned with the community needs at a sub-WSE area.
 - The scope of the stormwater role that the WSEs will play, both in relation to growth and development planning, development control, asset management and maintenance particularly of green and water sensitive assets.
 - Clarification of the opportunities for local influence and planning integration, including:
 - Prioritisation of investment based on sub-WSE areas.

- The statutory purpose or objectives of the WSE giving greater recognition to local outcomes and wellbeing.
 - Alignment of the WSE planning processes with local spatial planning.
 - Integration of the first three years of LTP investment planning into WSE investment plans.
 - The process to manage disputes, including potential broader role of the economic regulator or ombudsman.
 - The detailed methodology around debt and asset identification and transfer and associated due diligence.
 - Acknowledgement that three waters and broader reforms may mean a complete re-shaping of local government which therefore must be coordinated to avoid significant disruptions and undue costs to communities.
133. Council is invited to discuss whether there are specific information needs, issues or solutions that the Council would like staff to convey to the DIA or LGNZ.









Conclusion

134. While there is uncertainty about the future steps in the Government's reform proposal, and current legislative impediments to it, the current eight-week period gives Council the opportunity to understand the information it has received (and will continue to receive) from the RFI and modelling processes.
135. It also provides an opportunity for Council to understand its potential options, including the financial, workforce and sustainability impacts for Council and the wider economic, social and cultural implications of each option, using the guidance that has been issued. It also provides an opportunity to engage in discussions with other councils in its entity grouping, share information and ask questions and propose solutions to issues it sees to Government and LGNZ.
136. All of this information will be useful to inform future decision making by both Council and Government and consultation and engagement with mana whenua and communities.
137. By and large, the proposal aligns with the findings and recommendations of the Mayoral Taskforce. The Taskforce encouraged the Council to participate in reforms to see the formation of publicly owned, multi-regional, asset owning water entities.

Next Actions

138. Government decisions on entity boundaries, governance and transition and implementation arrangements will occur in October 2021.

Attachments

Attachment 1.	Attachment 1 -Government 2020 Programme  	Page 33
Attachment 2.	Attachment 2 - Government case for change  	Page 36
Attachment 3.	Attachment 3 - DIA A3 explainer  	Page 38
Attachment 4.	Attachment 4 - LGNZ A3 Explainer  	Page 40

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Authoriser	Barbara McKerrow, Chief Executive Officer

SUPPORTING INFORMATION

Engagement and Consultation

Council is not yet required to consult. Further advice regarding any future consultation requirements will be provided in October 2021.

Treaty of Waitangi considerations

The issues covered in this paper are very important for Mana Whenua. The Crown is currently leading the engagement with Mana Whenua; however, this now needs to become more local as described in the report.

Financial implications

Significant financial implications have been identified in analysing the reform proposals and completing an analysis of options for this report. However, there is no decision required, other than to note those issues and to request further information from Government to reduce the risks and implications to Council and its communities

Policy and legislative implications

There are extensive policy and legislative implications outlined in the report, mainly around the NPS-FM, Taumata Arowai and the Economic Regulator.

Risks / legal

The future of water services delivery is a significant issue. This report however does not commit to the council to a decision relating to that reform. Instead it provides initial analysis of the reform proposals for Council's information and highlights the uncertainties around information and next steps. As such the significance of this report is low.

Climate Change impact and considerations

Climate considerations (both mitigation and adaptation), resilience and environmental impacts are drivers of the reform process. While there are no specific impacts arising from this report the decisions that occur post September 2021 will have an impact on climate and environmental issues.

Communications Plan

While Government is currently leading communications, it is anticipated that Councils will have a more significant role after Government decisions are taken in September, depending on the nature of those decisions.

Health and Safety Impact considered

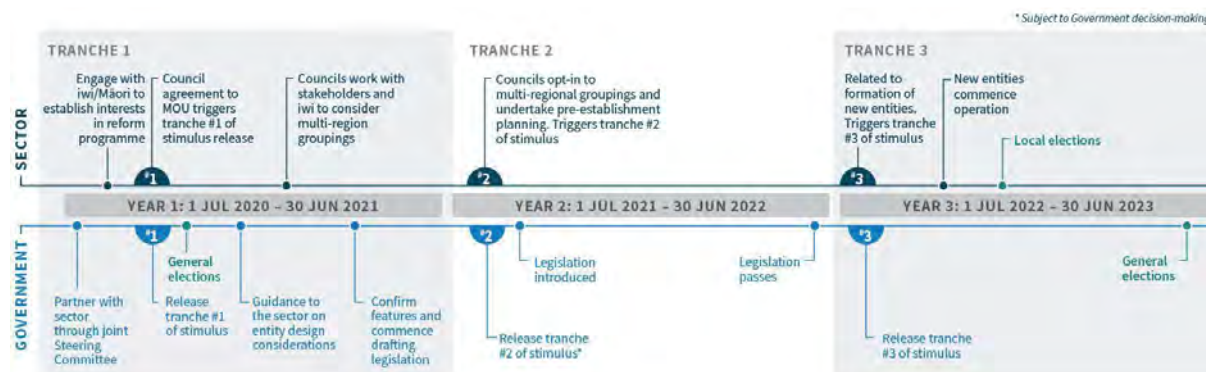
Three waters involves significant and complex safety risks, however these are not explicitly the subject of the report.

Attachment 1 – 2020 Background (including Taumata Arowai information and Indicative Reform Programme)

In July 2020, the Government launched the Three Waters Reform Programme to reform local government three waters service delivery arrangements, with the following objectives:

- improve the safety, quality, and environmental performance of water services
- ensure all New Zealanders have access to affordable three waters services
- move the supply of three waters services to a more financially sustainable footing, and address the affordability and capability challenges that currently exist in the sector
- improve transparency about, and accountability for, the delivery and costs of three waters services
- improve the coordination of resources and unlock opportunities to consider New Zealand's water infrastructure needs at a larger scale and alongside wider infrastructure and development needs
- increase the resilience of three waters service provision to both short and long-term risks and events, particularly climate change and natural hazards
- provide mechanisms for enabling iwi/Māori rights and interests.

The 2020 indicative timetable for the full reform programme is provided below. It was always subject to change as the reforms progressed, future Government budget decisions and Councils were advised that any further tranches of funding would be at the discretion of the Government and may depend on progress against reform objectives.



Also in July 2020 the Government announced an initial funding package of \$761 million to provide a post COVID-19 stimulus to maintain and improve water three waters infrastructure, support a three-year programme of reform of local government water service delivery arrangements (reform programme), and support the establishment of Taumata Arowai, the new Waters Services Regulator.

Following initial reports (that used publicly available council information) from the Water Industry Commission for Scotland (WICS), between October 2020 and February 2021, (all) 67 councils participated in the Government's Request for Information (RfI) on council's three waters assets, including future investment requirements. In return they received what was known as Tranche 1 stimulus funding (under a MoU and funding agreements with Government) for operating or capital expenditure that supported the reform objectives, economic recovery through job creation and maintaining, increasing and/or accelerating investment in core water infrastructure delivery, renewals and maintenance.

In line with Government policy, Taumata Arowai became a new Crown entity in March 2021 and will become the dedicated water services regulator when the Water Services Bill passes, expected to be in the second half of 2021 (the Select Committee is due to report back on 11 August 2021). They will oversee and administer, and enforce a new, expanded and strengthened drinking-water regulatory system, to ensure all New Zealand communities have access to safe drinking water. They will also provide oversight of the regulation, management, and environmental performance of wastewater and storm-water networks, including promoting public understanding of that performance.

An overview of local authority obligations under the Bill is provided below. The Bill provides for a range of compliance and enforcement tools including compliance orders, enforceable undertakings, infringement offences, and criminal proceedings, which can be taken against council officers (but not elected officials).

Taumata Arowai will have the authority to prepare standards and rules that water suppliers (such as councils) must comply with. Their [initial working drafts](#) are available online¹ and are currently being updated. Consultation will occur later this year. Guidance to support the operational compliance rules is also being developed and will be available when the rules are consulted on.

It is anticipated that monitoring, compliance and enforcement of standards will increase substantially on the status quo with the passing of the Water Services Bill and as Taumata Arowai begins to operate. It is also likely that the drinking water standards and their coverage (including non-Council water suppliers) and environmental standards will become more rigorous over time. This creates risks for council in meeting future standards and mana whenua and community aspirations (such as greater investment required than currently planned, risk of enforcement action).

¹ www.taumataarowai.govt.nz/for-water-suppliers/

Water Services Bill obligations of local authorities

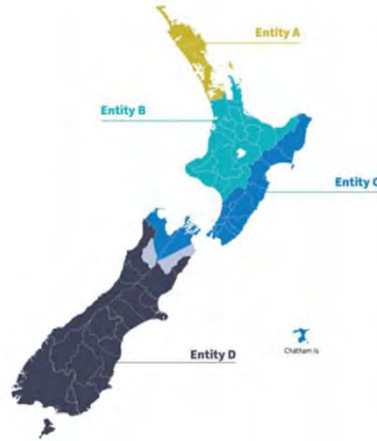
Local authorities as suppliers of water services	General obligations of local authorities
<ul style="list-style-type: none"> • Duty to provide safe drinking water and meet drinking water standards, and clear obligations to act when water is not safe or fails to meet standards • Key provisions include: <ul style="list-style-type: none"> ○ Suppliers need to register with Taumata Arowai ○ Local authority suppliers will need a drinking water safety plan and a source water risk management plan ○ Water suppliers must give effect to Te Mana o te Wai • Taumata Arowai will have significant compliance and enforcement powers, including powers to direct suppliers and enter into enforceable undertakings with suppliers • Officers, employees and agents of suppliers will have a duty to exercise professional due diligence • Complying with these new requirements is expected to require significant capital and operating expenditure by local authorities (including paying levies to Taumata Arowai for operation of the regulatory system) 	<ul style="list-style-type: none"> • Local authorities will have a duty to ensure communities have access to drinking water if existing suppliers face significant problems in complying with drinking water standards including: <ul style="list-style-type: none"> ○ Requirements to work with suppliers and consumers to identify solutions ○ Intervention responsibilities if a supplier is unable to meet standards, including potentially taking over management and operations of private or community supplies • In rural communities, this could represent a significant risk (contingent liability) for local authorities • Local authorities will be required to make assessments of drinking water, wastewater and sanitary services to ensure communities have access to safe drinking water • Local authorities will need to assess drinking water services available to communities at least once every three years, including private and community supplies (excluding domestic self-supplies)

Attachment 2 – the Government’s conclusion that the case for change has been made

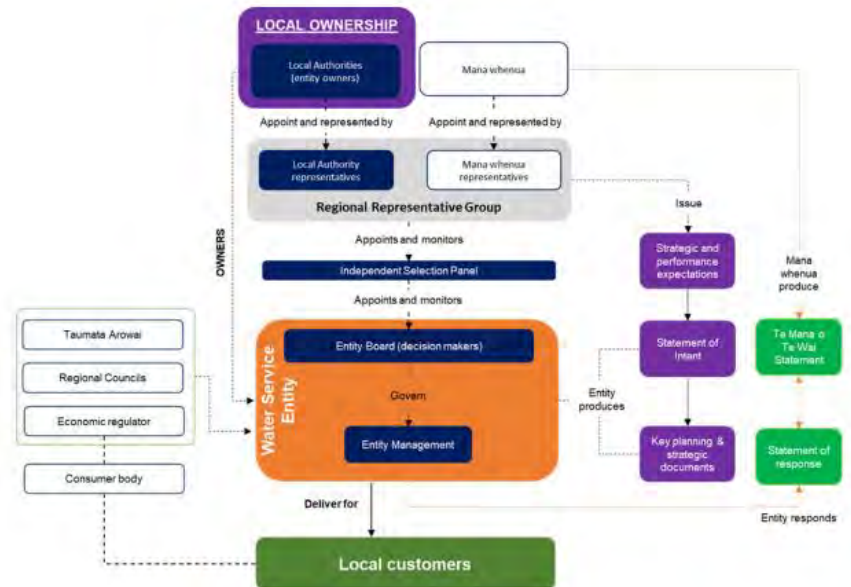
1. The modelling has indicated a likely range for future investment requirements at a national level in the order of \$120 billion to \$185 billion, an average household cost for most councils on a standalone basis to be between \$1910 and \$8690 by 2051.
2. It also estimated these average household costs could be reduced to between \$800 and \$1640 per household and efficiencies in the range of 45% over 15-30 years if the reform process went ahead.
3. The efficiencies noted are underpinned by evidence across a range of countries based on joined up networks (the conclusion is that 600,000 to 800,000 connections achieve scale and efficiency), greater borrowing capability and improved access to markets, procurement efficiencies, smarter asset management and strategic planning for investment, a more predictable pipeline and strengthened benchmarked performance, governance and workforce capabilities.
4. The [briefing to the Minister](#) notes that this “investment is what WICS has estimated is necessary for New Zealand to meet current United Kingdom levels of compliance with EU standards over the next 30 years, which in its assessment (and confirmed by Beca) are broadly comparable with equivalent New Zealand standards.”.
5. However, this is caveated as a conservative estimate that does not take into account iwi goals and aspirations, higher environmental standards or performance standards that are anticipated in future legislation, uncertainties in asset lives, seismic and resilience risk, supply chain issues, and the current workload to manage and deliver improvements as well as address renewal backlogs.
6. For councils with non-council drinking water suppliers in their areas there is additional risk if they are unable to consistently provide safe drinking water to their consumers, including the potential for council to have to take on the water supply. Council operating on expired consents or with consent renewals in the next 15 years also face uncertainty over the standards they will need to meet in the future and therefore the level of investment that needs to occur.
7. Councils could also add to the above list of uncertainties and challenges their business as usual workload, the workload associated with delivering on stimulus packages and associated with responding to other government reform initiatives such as reform of the Resource Management Act, and general workforce retention and attraction issues, which are exacerbated by public sector competition for talent and skills.
8. The modelling indicated that between one and four water services entities would provide the most efficiencies and reduce costs to individual households.
9. When this is added to
 - a. known variations across the nation in water suppliers’ compliance with drinking standards, including permanent and temporary boil water notices
 - b. evidence of poor health and environmental outcomes, including expired resource consents for wastewater treatment plants (and the need for 110 of these plants to go through the resource consenting process in the next 10 years)
 - c. stormwater overflows and other challenges
 - d. climate change
 - e. Te Tiriti obligations and the need to uphold Te Mana o te Wai
 - f. the size and scale of current service delivery units and workforce issues
 - g. the obligations and responsibilities that councils (and other water suppliers) will face when the Water Services Bill and associated regulations are enacted

h. the Government has concluded that the status quo is not sustainable and that the [case for change](#) has been made.

10. The four entities and their proposed boundaries (which may yet change) and the proposed structure for the system are as follows:



	Entity A	Entity B	Entity C	Entity D
Connected population (2020)	1.7m	0.8m	1.0m	0.9m



A new system for three waters service delivery

1. A CASE FOR CHANGE

This Government has ambitions to significantly improve the safety, quality, resilience, accessibility, and performance of three waters services, in a way that is efficient and affordable for New Zealanders. This is critical for:

- public health and wellbeing;
- environmental outcomes;
- economic growth and employment;
- housing and urban development;
- adapting to the impacts of climate change;
- mitigating the effects of natural hazards.

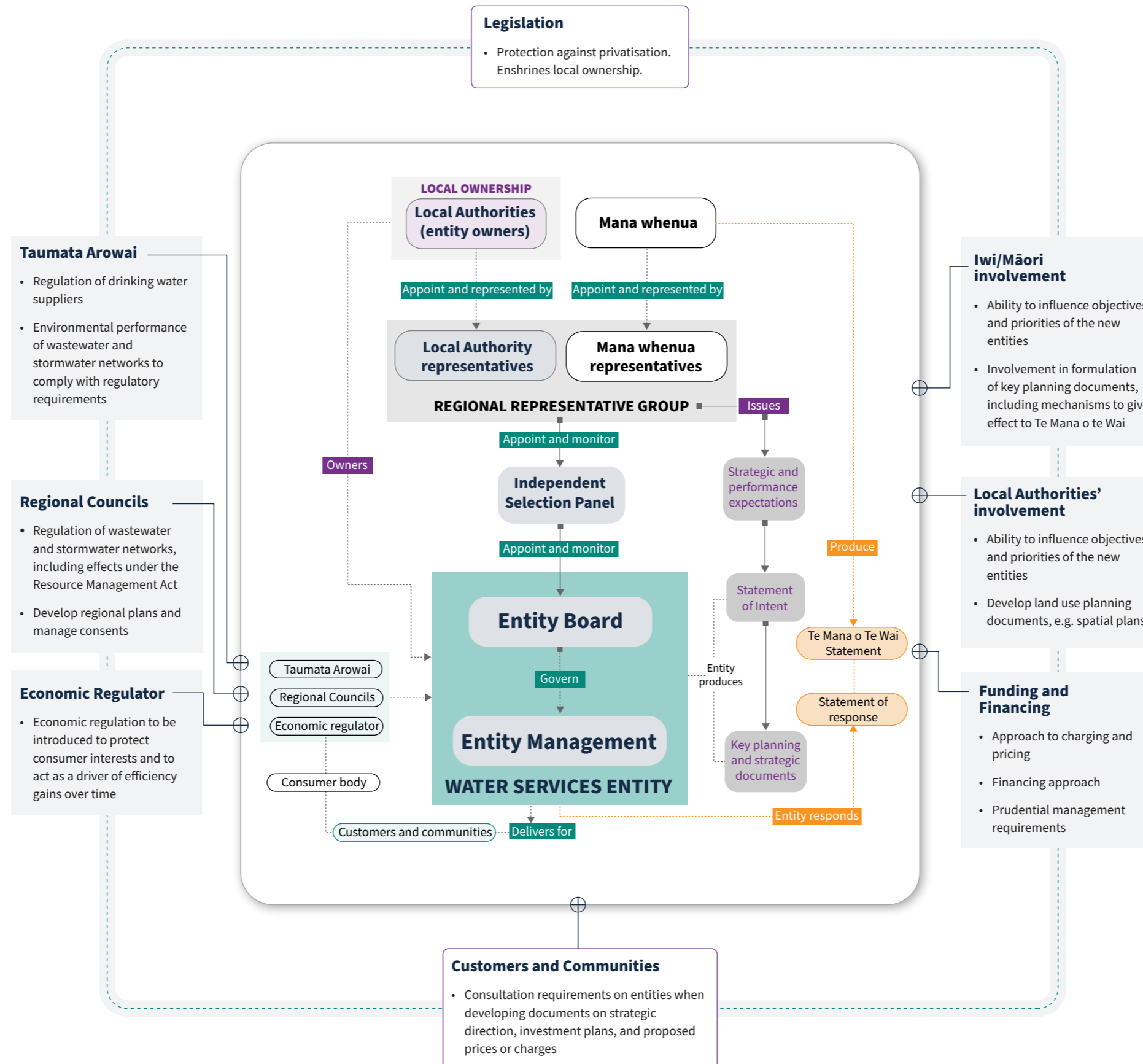
Government also wants to ensure it delivers on Treaty-related obligations, including by improving outcomes for iwi/Māori in relation to three waters service delivery.

Integral to this is effective infrastructure delivery, underpinned by an efficient, high-performing, financially-sustainable, and transparent three waters system.

2. KEY DESIGN FEATURES

- Maintaining local authority ownership of water services entities;
- Protecting against privatisation;
- Retaining influence of local authorities and mana whenua over strategic and performance expectations;
- Providing the necessary balance sheet separations from local authorities; and
- An integrated regulatory system.

3. A NEW WATER SERVICES SYSTEM



4. OBJECTIVES FOR THE CROWN/MĀORI RELATIONSHIP

Enabling greater strategic influence to exercise rangatiratanga over water services delivery.

- A** Integration of iwi/Māori rights and interests within a wider system.
- B** Reflection of a holistic te ao Māori perspective.
- C** Supporting clear account and ensure roles, responsibilities, and accountability for the relationship with the Treaty partner.
- D** Improving outcomes at a local level to enable a step change improvement in delivery of water services for iwi/Māori.

5. A PARTNERSHIP-BASED REFORM

Government will continue to work in partnership with iwi/Māori and local authorities.

A large scale communication effort is required to ensure local government support reform.

Further decisions are yet to be taken by Cabinet on the arrangement for transition to, and implementing, the new system.

A new system for three waters service delivery

The number and boundary of entities needs to balance scale with other factors

1. FACTORS CONSIDERED TO DETERMINE NUMBER AND BOUNDARIES

A range of factors have been analysed to help determine how many entities there should be, and their boundaries:

- A** Potential to achieve scale benefits from a larger water service delivery entity to a broader population/customer base.
- B** Alignment of geographical boundaries to encompass natural communities of interest, belonging and identity including rohe/takiwā.
- C** Relationship with relevant regulatory boundaries including to enable water to be managed from source to the sea - ki uta ki tai.

Applied economic analysis, informed by international evidence, provides further confidence that each entity would need to serve a connected population of at least 600,000 to 800,000 to achieve the desired level of scale.

The preferred approach is to create four new water services entities, and to enable all communities to benefit from reform.

2. PROPOSED BOUNDARIES

Government has agreed to a preferred set of entity boundaries. However, the Government remains interested in continuing discussion with local government and iwi/Māori most affected by the proposed boundary choices. In particular:

- 2 Taranaki region**
Which entity would include the Taranaki region, taking into account ki uta ki tai, whakapapa connections, and economic geography/community of interests.
- 1 South Island entity**
Whether there should be a single entity covering the whole of the South Island, or instead take an approach that uses the Ngāi Tahu takiwā.
- 3 Hauraki Gulf**
Whether to include other districts surrounding the Hauraki Gulf, enabling a more integrated approach to the management of the Hauraki Gulf marine catchment.

The map highlights the recommended boundaries.

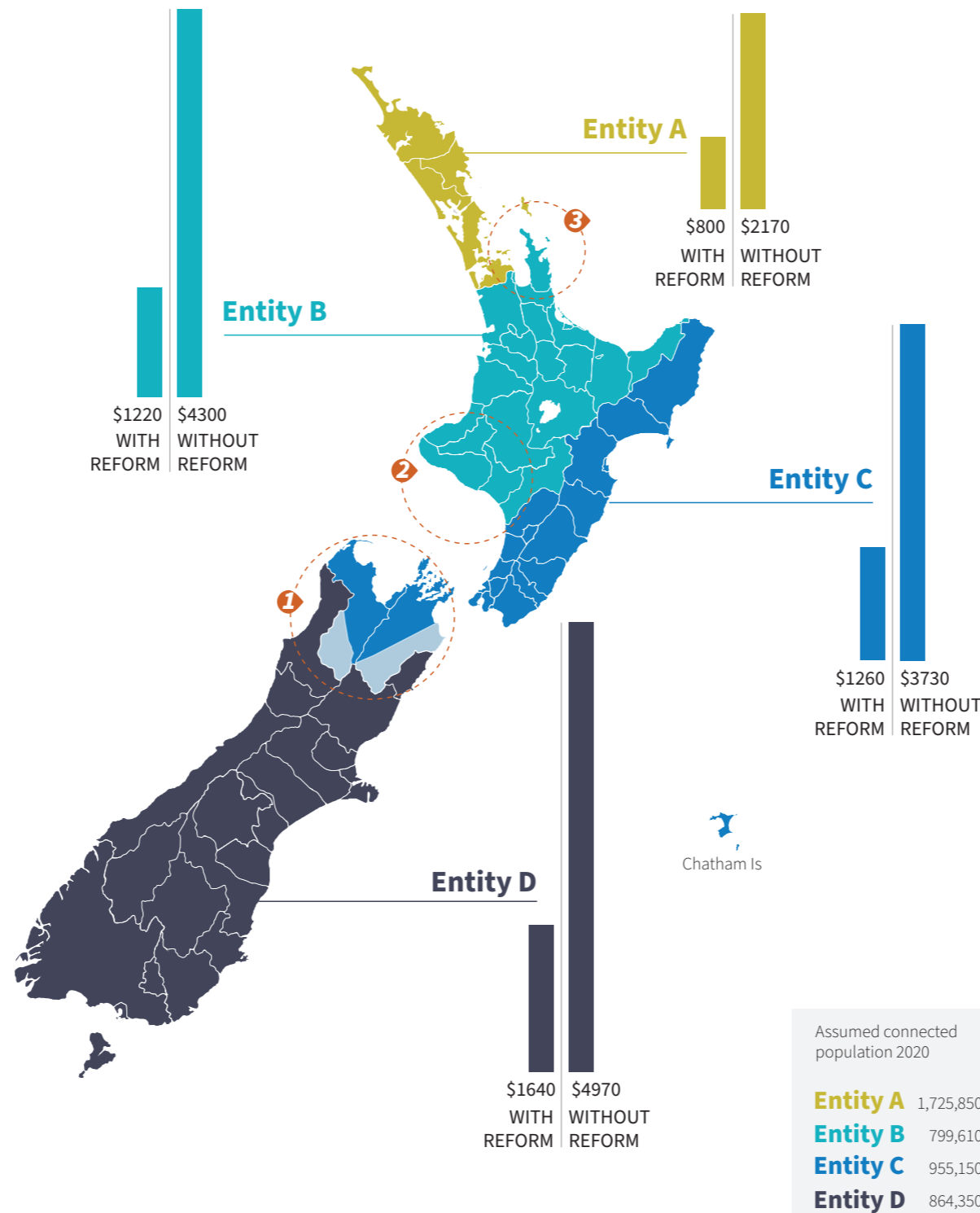
3. OUR INTENTION IS THAT ALL COMMUNITIES BENEFIT FROM REFORM

Latest estimates indicate that the amount of investment required to:

- provide for future population growth
- replace and refurbish existing infrastructure
- upgrade three waters assets to meet drinking water and environmental standards

Is in the order of
\$120 billion to \$185 billion
over the next 30 to 40 years.

4. PROJECTED HOUSEHOLD COSTS 2051



The figures presented above for household bills with and without reform set out what an average household would be likely to pay for three waters services in 2051, in today's dollars, based on analysis by the Water Industry Commission for Scotland.

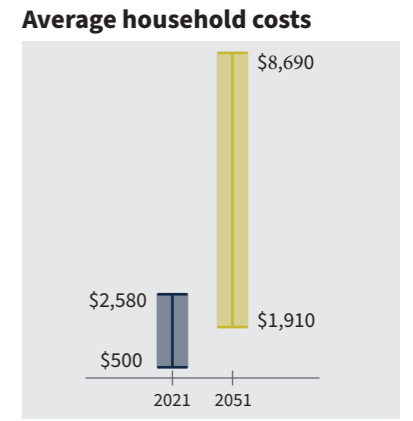
A weighted average figure is presented for household bill estimates without reform, to account for the wide variance between council pricing policies. This weighted average figure reflects the proportion of the connected population that resides in each council area relative to neighbouring councils within the relevant water services entity.

5. POTENTIAL IMPACTS

Difference in household costs

Average household costs for most councils on a standalone basis in 2051 are likely to range from between \$1,910 to \$8,690.

The scale of investment required between now and 2051, would require average household costs to increase by between three to 13 times in real terms for rural councils, between two and eight times for provincial councils and between 1.5 and seven times for metropolitan councils.



Source: Water Industry Commission for Scotland Analysis 2021

Current household costs

Currently there are a wide range of current (2019) average household costs.

	LOW	HIGH	MEDIAN	MEAN
Metro	\$500	\$1,920	\$1,050	\$1,120
Provincial	\$610	\$2,550	\$1,120	\$1,300
Rural	\$210	\$2,580	\$1,340	\$1,390

Source: Water Industry Commission for Scotland Analysis 2021

Current costs are not necessarily a good reflection of what funding is required to meet the full costs of economic depreciation (that is, to provide resources for asset maintenance and renewal).

Potential economic impact of reform

The economic impact assessment estimates the impact of a material step up in investment in connection with reform, relative to the level of investment that might be expected in the absence of reform.

Change relative to counter-factual, 2022-2051

Net change in GDP p.a. over 30 years	▲	0.3% to 0.5%
Present value increase in GDP	▲	\$14b to 23b
Average increase in FTEs	▲	5,850 to 9,260
Increase in average wages	▲	0.2% to 0.3%
Present value increase in taxes	▲	\$4b to \$6b

Source: Deloitte Three Waters Reform Economic Impact Assessment 2021

THREE WATERS 101.

The Government is proposing major reform of New Zealand's drinking water, wastewater and stormwater system. Here LGNZ synthesises the issues, the opportunities and what it means for local government.

1. What's the problem?

Councils currently own and operate three waters services, which cover drinking water, wastewater and stormwater. More investment is needed in water infrastructure to meet the environmental and public health aspirations of our communities. The Government has estimated that dealing with 30 years of systemic failure will require an investment of more than \$185b over the next 30 years.

This scale of investment would be extremely challenging for councils to fund on their own. Climate change will only exacerbate this challenge.



Significant investment needed in water infrastructure



Councils can't carry future costs



The current system lacks:

- Economic regulation
- Consistent data collection
- Enforcement of standards

2. Government's proposed solution

The Government has told us it wants to deliver water services more cost effectively. It also wants to deliver them in an equitable and sustainable way.

It proposes changing the whole system:



A new water regulator called Taumata Arowai



A smaller number of large, specialist water service entities



Water services are delivered on a significantly larger scale



Water entities remain publicly owned



Water services providers meet standards or face significant penalties for noncompliance



Entities have strong strategic links to councils and mana whenua

3. Impact on councils

The Government's proposal would mean significant change to the delivery of water services. For a start, councils would shift their focus from delivery to kaitiakitanga of water services. Requirements on local authorities to ensure safe drinking water for private and community supplies would transfer to new entities.

For most councils, removing water-related debt from their balance sheets would improve their financial position. It would potentially create more opportunity to focus on delivering wellbeing to their communities.



Three waters kaitiakitanga focus



Water-related debt removed from balance sheet



Increased capacity to borrow to fund community services

We know there's not universal agreement on the case for change. But to meet councils' own RFI projections, spending across New Zealand as a whole would need to increase by 50 percent annually for the next 10 years. With strong regulatory enforcement, the picture would be very different for councils, creating difficult trade offs if large investments are required to meet water standards.

LOCAL GOVERNMENT CAN HELP SHAPE THREE WATERS REFORM.

**We are.
LGNZ.**
Te Kāhui Kaunihera o Aotearoa.

What's important to the sector in this reform?







-  Everyone has access to safe drinking water and the same level of three waters service.
-  Infrastructure and systems are resilient and well-funded.
-  Three waters are delivered in partnership with iwi.
-  Delivery is responsive to climate change.
-  Catchments are managed from the mountain to the sea.
-  Districts retain high-paying, skilled jobs.
-  Any transition is well-managed and people are looked after.
-  Local voices are heard and local priorities are responded to.

LGNZ is working for councils

Our work on Three Waters is guided by the principle that we need to seize any opportunity to create the best possible outcome for local government.

We're using our influence to work with the Government on a model that better includes the perspective of our communities. Representatives from local government are helping to steer this work and pose the hard questions. We are also actively working with government on what a package to go with reforms might look like. We'll work to optimise this package before decisions are made.

What the sector needs from central government

-  Transparency about the process and what's on the table.
-  A robust transition plan that makes sure the benefits of reform are delivered.
-  Government to support councils so they can keep delivering. This means makes sure councils are economically sustainable without water.
-  A fair deal, including that councils are not financially worse off, and that communities are better off.
-  To support and grow effective local democracy.
-  That any new system reflects the relationship with mana whenua under Te Tiriti o Waitangi

Find out more

We encourage you to stay informed and up to date of the reforms as they evolve. We'll be with you every step of the way. Here's where you can start:

Read what DIA has published: www.dia.govt.nz/Three-waters-review

Check out the info on our website: www.lgnz.co.nz

Get in touch if you have questions: feedback@lgnz.co.nz

SCAN OR CLICK
TO VISIT OUR FAQ



WAKA KOTAHI REVENUE UPDATE

Purpose

1. This report provides Te Kaunihera o Pōneke | Council with an update regarding the reduced level of funding that Waka Kotahi has committed for the Council's three-year transport programme.
2. The report presents scenarios for managing the revenue loss along with a recommended option.
3. The report requests that the Council adopts the recommended option.

Summary

4. Waka Kotahi co-funds the Council's transport programme at a Funding Assistance Rate (FAR) of 51 percent. The level of funding provided is dependent on the amount of funding available nationally.
5. On 7 September 2021, Waka Kotahi released our finalised funding rates for the next three years. Due to national funding constraints, they will fully fund our maintenance, operations and renewals programme but only partially fund our improvements programme.
6. The total potential revenue loss compared to the budget assumptions is \$14 million over years 1-3 of the Council's Long-Term Plan (LTP).
7. This results in a potential negative impact to the Council's Long-Term Plan (LTP) forecast debt to revenue (D/R) ratio.

Recommendation/s

That Te Kaunihera o Pōneke | Council:

1. Receive the information.
2. Agree to reprioritise investment to match the Waka Kotahi funding levels (option 2), noting that it increases the debt to revenue ratio by around 2%.

Background

8. Waka Kotahi co-funds the Council's transport programme at a Funding Approval Rate (FAR) of 51 percent.
9. The level of funding provided is dependent on the amount of funding available nationally in the National Land Transport Fund (NLTF).
10. The financial mechanism around the use of this funding is that the Council pays for any capital investment into the transport network out of borrowings (debt) and at the end of each month submits a claim to Waka Kotahi indicating what level of investment into the network was made in that month.
11. Waka Kotahi then pays the Council the equivalent of 51 percent of this investment (for qualifying activities) which comes in as revenue for the Council.
12. There are three transport programmes for which we seek funding:

- Maintenance, Operations and Renewals (MOR) – the programme of annual street maintenance and street cleaning.
 - Low Cost, Low Risk (LCLR) – includes items such as safety programmes and minor works up to a maximum investment of \$2 million per project.
 - Improvements – includes items such as new builds and the bike lanes programme.
13. The debt to revenue ratio measures the amount of debt we have as a percentage of annual income for the Council as a whole. For example, if the Council receives \$100 of revenue and has \$300 of debt, the ratio will be 300% meaning we are borrowing three times our income.
14. The Council resolved to set the debt to revenue limit through the LTP to 225%, meaning if the Council's revenue was \$100, we should only have a net debt balance of \$225 (including insurance headroom).

Discussion

15. On 7th September 2021, Waka Kotahi released finalised funding rates for the next three years. Due to national funding constraints, they will fully fund our MOR programme but only partially fund our LCLR and Improvements programmes.
16. The total potential revenue loss is \$14 million over the next three years.
17. The Council's approved LTP included planned investments (for Improvements and LCLR) of \$164 million over the next three years with an assumed subsidy (revenue) of \$57 million.
18. The assumptions that were made in the LTP were:
- 85 percent of the MOR programme would be subsidised at 51% of the cost
 - 85 percent of the LCLR programme would be subsidised at 51% of the cost
 - 100 percent of the Improvements programme would be subsidised at 51% of the cost, with the following exceptions (as some projects assumed no subsidy):
 - Transitional bike network programme (Bike Network Plan) – \$24 million
 - The Parade Upgrade (Island Bay) – \$14 million
19. There are some projects that already have approved funding:
- Ngaio Gorge – \$7.8 million of approved expenditure over the next two years
 - Slip at Grant Road – \$1.30 million of approved expenditure in 2021/22
 - Evans Bay stage 1 – \$2.25 million of approved expenditure in 2021/22
20. Even though the MOR programme has been fully subsidised by Waka Kotahi against the assumption made in the LTP of 85 percent of the programme being subsidised, the additional revenue gained does not fully compensate for the loss of revenue from the LCLR and Improvements programmes.
21. The overall regional investment profile for the region by Waka Kotahi is shown below. The 50-59 percent under funding of Wellington's LCLR activities is a reflection of the ambitious size of the Council's programme and the lack of funding nationally to support local transport investments.

Low cost and low risk activities

Organization	Variance % RLTP bid v.s. NLTP approval
Carterton District Council	-40% to -49%
Hutt City Council	-1% to -9%
Kāpiti Coast District Council	-60% to -69%
Masterton District Council	-40% to -49%
Porirua City Council	-50% to -59%
Greater Wellington	-1% to -9%
Department of Conservation – Wellington Region	-50% to -59%
Waka Kotahi	TBC
South Wairarapa District Council	-30% to -39%
Upper Hutt City Council	-40% to -49%
Wellington City Council	-50% to -59%

*provisional analysis based on data available as at 10 Sep 2021

Maintenance Operation and Renew activities

Organization	Variance % RLTP bid v.s. NLTP approval
Carterton District Council	-1% to -4%
Hutt City Council	-5% to -9%
Kāpiti Coast District Council	-5% to -9%
Masterton District Council	0%
Porirua City Council	-40% to -49%
Greater Wellington	-1% to -4%
Department of Conservation – Wellington Region	0%
Waka Kotahi	-1% to -4%
KiwiRail	0%
South Wairarapa District Council	0%
Upper Hutt City Council	0%
Wellington City Council	0%

*provisional analysis based on data available as at 10 Sep 2021

Options

22. Officers have analysed three options for responding to this revenue loss as set out below:
23. **Option 1** Invest at the planned Transport program level (\$164 million over three years) for Improvements and LCLR, therefore fully debt fund the additional expenditure.
- This would see the Council invest the full level as per the LTP, sacrificing the revenue from Waka Kotahi (\$14m over years 1-3) and making use of further debt to fund the shortfall.
 - This scenario would increase the debt to revenue ratio to:
 - Year 1 – 230 percent
 - Year 2 – 238 percent
 - Year 3 – 232 percent
24. **Option 2** Reprioritise investment to match the Waka Kotahi funding levels (new Capex spend will be \$150 million over three years).
- This would see the Council reprioritise the program investment, continue with the work programmes assumed in the LTP as unfunded (i.e. accelerated bike network and The Parade upgrade) and scale back other investment that hasn't been funded.
 - The work programme would likely be prioritised as follows:
 - **What we would be deferring beyond Year 3:**
 - Resilience work
 - LED Upgrades
 - Laneway Upgrades
 - **What would be partially funded (scaling back investment):**
 - Safe route to schools
 - Walking improvements
 - Bike network development (transformational programme)
 - Bike network minor improvements
 - Build Back Better
 - **What we would progress unsubsidised:**
 - Bike Network Plan (transitional programme)
 - The Parade Upgrade (Island Bay)
 - Town Centre Upgrades
 - This scenario would increase the debt to revenue ratio to:
 - Year 1 – 228 percent
 - Year 2 – 237 percent
 - Year 3 – 230 percent

- In this scenario, even if the Council reduces the planned transport programme by the amount of lost revenue, the debt to revenue ratio still does not return to the LTP baseline. This is because for every \$1 reduction in revenue we need to reduce our spend by \$2.25 to maintain the ratio.
25. **Option 3** Reduce the Council wide investment programme to maintain the Council's debt to revenue ratio in the LTP.
- In this scenario the transport programme would be reduced by \$14 million (same as scenario 2) but other capex spend across the Council would also need to be reduced by \$13.3 million to bring the ratio down to the level assumed in the LTP. This is because Waka Kotahi revenue gives Council extra capacity to borrow to fund transport capex as well as fund other capex programs.
26. Deferral of investment under options 2 and 3 means that programmes will take longer to deliver. Projects would not be cancelled, simply delayed. The projects and programmes would still be subject to the normal review processes in future annual plan and long-term plan processes.
27. The table below shows the impact of the scenario investment levels on the debt to revenue ratio and the planned transport investment.

Impact on Debt/Revenue Ratio				
		2021/22	2022/23	2023/24
	LTP 21-31 assumed debt ratio	226%	235%	230%
	Net revenue loss impact on Debt/Revenue ratio	-7,144,442	-4,379,290	-2,659,600
	Reduction / Extra Debt Capacity @2.25	-16,074,994	-9,853,403	-5,984,101
	D/R Ratio	230%	238%	232%
Option 1				
<i>Continue with the planned Transport programme investment</i>	D/R Ratio	230%	238%	232%
	Transport's final program expenditure	54,473,704	61,942,946	48,092,126
Option 2 (Officers' Recommended Option)				
<i>Reprioritise investment to match the Waka Kotahi funding levels (i.e., reduce the programme expenditure by \$14 million over three years)</i>	D/R Ratio	228%	237%	230%
	Transport to reduce spend by	-7,144,442	-4,379,290	-2,659,600
	Transport's final program expenditure	47,329,262	57,563,656	45,432,526
Option 3				
<i>Maintain the assumed debt to revenue ratio in the LTP</i>	D/R Ratio	226%	235%	230%
	Other Capex programme to reduce spend by	-13,287,000		
	Transport to reduce spend by	-7,144,442	-4,379,290	-2,659,600
	Transport's final program expenditure	47,329,262	57,563,656	45,432,526

28. There is still some detail to work out in terms of the Council's overall bid in the NLTP. Some of the bid has been fully approved, some is listed as "probable" which means officers need to complete business case processes to release the funds, and some is listed as "possible" which means Waka Kotahi will only fund these if additional money becomes available in the NLTF.

29. Officers have worked through the various activities and options above and are recommending that Option 2 is progressed. The reasoning is:
1. Option 1 has a higher impact on the D/R ratio and creates additional risk for Council from a financial perspective.
 2. Option 2 will maintain Council's D/R ratio as close to the LTP as possible with minimal work required to adjust the delivery programmes. This will provide the greatest possibility of being able to deliver the LTP and will reduce deliverability risks.
 3. Option 3 requires being able to compare transport risks with other risks across the Council to understand where further capex reductions would be necessary. This is a significant piece of work and will likely delay delivery of the LTP.

Next Actions

30. Officers will develop a list of projects that will fall out of the three-year programme into year four and beyond and present this back to the Council. This will result in a budget change request to reflect both the lost revenue and the proposed changes to project spend. Officers will provide this advice in light of prevailing market conditions and supply chain constraints.

Attachments

Nil

Author	Brad Singh, Transport Assets Manager
Authoriser	Mike Mendonca, Acting Chief Infrastructure Officer

SUPPORTING INFORMATION

Engagement and Consultation

The 225% debt to revenue ratio was consulted upon via the LTP consultation document (pages 17 and 18 of the consultation document). Any agreed changes to the debt to revenue ratio will not require further consultation but will require a Council resolution.

Treaty of Waitangi considerations

There are no Treaty considerations.

Financial implications

The financial implications of all options have been outlined in detail throughout the paper. The primary financial implication of the options in this paper is a loss of revenue of \$14m over 3 years for Council and a resulting increase in debt which could drive the debt to revenue ratio to 230% in year 1, 238% in year 2 and 232% in year 3 if Council decides to debt fund the revenue loss.

Policy and legislative implications

The Debt/Revenue ratio is set as part of the Finance and Infrastructure Strategy in the LTP. The Council is required to report against this benchmark in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations).

Risks / legal

Further exceeding the Debt/Revenue ratio increases the financial risk for Council, as discussed in relation to the LTP.

Climate Change impact and considerations

The recommended option will have a minimal impact on the transport programmes that we have identified as providing greatest climate change impact (e.g. Bike Network Plan) over the next three years.

Communications Plan

<insert text here>

Health and Safety Impact considered

The recommended option would see a scaling back of certain safety programmes (e.g. Safer Routes to Schools) but the most impactful safety improvement programmes will still be progressed (minor works programme).

TE NGAKAU CIVIC PRECINCT FRAMEWORK

Purpose

1. This report asks Te Kaunihera o Pōneke | Council to adopt the Te Ngakau Civic Precinct Framework following the public consultation process.

Summary

2. At the Strategy and Policy meeting of 8 April 2021 the Committee agreed to adopt the Te Ngakau Civic Precinct Framework in principle and to undertake public consultation on the draft Framework.
3. The engagement process for public consultation ran from 19 May 2021 through until 16 June 2021.
4. The engagement process was designed to test peoples':
 - Overall level of support for the vision
 - Support or opposition to each of the supporting seven objectives
 - To gather feedback on the vision and supporting objectives
5. In total 76 submissions were received, with 61 from individuals and 15 on behalf of an organisation.
6. There was strong overall support for the vision with 64.5% of submissions strongly or somewhat supporting the vision and 7.9% opposing it.
7. All of the seven supporting objectives received strong support ranging from a low of 56.8% for Objective 1 – *Te Ngakau is a place that welcomes and expresses our diverse culture and integrates mana whenua values into design and delivery processes*, to a high of 86.3% for Objective 5 – *Te Ngakau is safe, inclusive, comfortable and green*.
8. Opposition to the seven supporting objectives was low, ranging from 0 opposition to Objective 5 through to a high of 10.9% indicating opposition to Objective 2 – *Te Ngakau is a place that respects and incorporates experiences of architecture, design and heritage balanced with ensuring its functional role for the city*.
9. There was a significant block of submissions associated with a templated response that generally indicated a neutral position across the objectives.
10. Following the public consultation process and hearings we have incorporated a number of amendments to the Framework which are detailed in the report.

Recommendation/s

That Te Kaunihera o Pōneke | Council:

1. Receive the information.
2. Agree to adopt the Te Ngākau Civic Precinct Framework as per Attachment 1.

3. Agree that officers will reflect the outcome of any decision on the Michael Fowler Centre carpark proposal before Council on 30 September 2021 in the final Te Ngākau Civic Precinct Framework.

Background

11. At the Strategy and Policy Committee meeting of 10 December 2020, officers were requested to develop a draft Framework for Te Ngākau.
12. At the Annual Plan/Long Term Plan Committee meeting of 4 March 2021, the Committee provided direction that the Framework be developed on the basis that Council is committed to Te Ngākau being the musical, creative and democratic heart of Wellington, with the main Council premises returning to Te Ngākau as part of its development.
13. At the Strategy and Policy Committee meeting of 8 April 2021, the Committee received and approved in principle the draft Te Ngākau Civic Precinct Framework subject to the outcomes of public consultation.
14. The public consultation process commenced on Wednesday 19 May 2021 and ran through until 5pm Wednesday 16 June 2021.
15. Public hearings on the draft Framework were heard by the Planning and Environment Committee on 23 September 2021, with five parties taking the opportunity to address their submissions.
16. The outcome and findings from the public consultation are discussed below.
17. The Framework is designed to provide a strategic approach to ensure that the development of Te Ngākau is guided by a strong vision, clear objectives and guiding principles.
18. The Framework does not attempt to design or plan the development of Te Ngākau, it provides a principled approach as to how development of the precinct should occur.

Discussion

19. The public engagement process was designed to test peoples'
 - Overall level of support for the vision
 - Support or opposition to each of the supporting seven objectives
 - To gather feedback on the vision and supporting objectives.
20. The approach to the engagement process included;
 - Use of existing Council channels and media;
 - Targeted stakeholder engagement including with Mana Whenua representatives, all Council Advisory Groups, all Resident Associations including Inner City Wellington and the Wellington Chamber of Commerce;
 - A Let's Talk consultation webpage was activated, together with updating the Te Ngākau Civic Precinct webpage on Council's website with links to share comments;

- The consultation process was launched with a media release followed by regular reminders through key Council channels including Our Wellington, the “This week in Our Welly” e-newsletter and through social media; and
 - Working with the Civic Trust to host a full day public seminar during May that focussed on Te Ngakau and the proposed Framework. The seminar was well attended and included presenters from a breadth of interest groups together with presentations from Council officers Vida Christeller and Danny McComb.
21. We received a total of 76 submissions, with 61 from individuals and 15 on behalf of an organisation. The Let’s Talk webpage received 749 visits with the Framework document being downloaded 116 times.
22. Of the submissions 65 were from people or groups that lived or worked in Wellington, 6 were from business owners and two were from individuals studying in Wellington.
23. The vision – *Te Ngakau is the beating heart of our capital city ; A thriving neighbourhood where creativity, culture, democracy and arts experiences collide on the edge of Te Whanganui-a-tara*, was well supported with 64.5% of submissions either strongly supporting or somewhat supporting it, 7.9% opposing it, and 26.3% neutral. The key themes that came through the comments on the vision included:
- Increasing the reference to the “celebration” aspect the precinct has provided to Wellington. This included acknowledgement in the vision of its role in providing a space which enables anyone to access arts, events, protests/movements and activities that bring people together which is critical to Wellington’s reputation as a creative capital;
 - Support for more obvious design to reflect the connection Mana Whenua have for the space, with comments also referencing that the space should encompass all of the other cultures that have a history/connection with Wellington;
 - Perception that the space and design of the precinct was “hard” and recommended softening by greening areas to make the space more welcoming and provide space for inner city dwellers, workers and students to relax, play and seek shade;
 - Protecting and retaining iconic or “Wellington” features of the areas specifically the Nikau Palms, the City to Sea Bridge (and views), Jack Illot Green and the Harris Street ramp. References to Jack Illot Green focused on how this green space was important for the wellbeing of people; and
 - While there were few direct comments on the vision itself a small number of submitters stated the vision:
 - Lacked detail to provide tangible direction for the precinct; and
 - Did not accurately reflect what was being proposed in the draft Framework.
24. The levels of support or otherwise for each of the seven objectives are detailed in the table below:

Objective	Number of submitters for question	Number of additional comments provided	Supports	Neutral	Opposes
1. Te Ngākau is a place that welcomes and expresses our diverse culture and integrates Mana Whenua values into design and	74	30	56.8	33.8	8.2

delivery processes.					
2. Te Ngākau is a place that respects and incorporates experiences of architecture, design and heritage balanced with ensuring its functional role for the city.	73	31	68.1	29.7	10.9
3. Te Ngākau is a place that is vibrant, welcoming and supports a range of uses to locate alongside its core civic role.	73	41	69.9	20.5	9.6
4. Te Ngākau is a place that integrates with the city and the waterfront.	73	41	69.9	20.5	8.2
5. Te Ngākau is safe, inclusive, comfortable and green.	73	50	86.3	4.1	0
6. Te Ngākau is a place that is resilient, sustainable, and enduring.	72	29	66.6	28.4	5.6
7. Te Ngākau is easily and safely accessible and integrated with the wider transport network.	74	36	64.8	24.3	8.1

25. Overall, the levels of support for each of the objectives is strong and the levels of opposition small. There were a small number of don't knows which are not shown in the table.

26. The table below summarises the main themes/comments that came through the consultation process. These have been grouped against the vision and each of the objectives together with the officer response.

Section	Feedback	Officers Response
Vision	<ul style="list-style-type: none"> • Neighbourhood – can this be made clearer? There were views both for and against neighbourhood in the vision. • Green space – Stronger statements about quality and quantity • Activities and uses – for and against different uses. 	<ul style="list-style-type: none"> • Neighbourhood as expressed in the vision statement is strong enough, reflects community and is balanced with the other roles the precinct must play. • Green space is well covered in the Framework however officers will amend to include qualifying text to strengthen the green space commentary in the section “Increasing greenery and green space”

<p>Objective 1 - Te Ngākau is a place that welcomes and expresses our diverse culture and integrates Mana Whenua values into design and delivery processes</p>	<ul style="list-style-type: none"> Needs to be Multi-cultural Mana whenua design should be integrated not token Paratene Matchitt sculpture 	<ul style="list-style-type: none"> No changes required The Framework includes no specific commentary on the Paratene Matchitt artwork, this will be dealt with in the conservation plan The objective already addresses the integration of mana whenua design principles satisfactorily Multi cultural comment – “diverse culture” is clearly referenced.
<p>Objective 2 - Te Ngākau is a place that respects and incorporates experiences of architecture, design and heritage balanced with ensuring its functional role for the city</p>	<ul style="list-style-type: none"> Part of the function is making sure this is a ‘living’ space 	<ul style="list-style-type: none"> Officers agree this would be improved with reference to it being a “living” place. We have amended first sentence in description to include “...living civic place”
<p>Objective 3 - Te Ngākau is a place that is vibrant, welcoming and supports a range of uses to locate alongside its core civic role</p>	<ul style="list-style-type: none"> Night time activity Skateboarders 	<ul style="list-style-type: none"> No changes required - Commentary already references night time activity/economy and presence of people 24/7 and does not specifically preclude activities.
<p>Objective 4 – Te Ngākau is a place that integrates with the city and the waterfront</p>	<ul style="list-style-type: none"> If the bridge is to be removed, there should be multiple alternative crossing points 	<ul style="list-style-type: none"> No changes required - This is specifically covered under policy 4.1.
<p>Objective 5 - Te Ngākau is safe, inclusive, comfortable and green</p>	<ul style="list-style-type: none"> Clarification about what the “green circles” within the areas of change represent Consideration of deciduous trees and exotic species that still support local bird and insect life 	<ul style="list-style-type: none"> Officers will add clarifying commentary in the areas of change section. Deciduous/exotic trees are detail that will be worked out in detailed design of areas of change and wider greening and no change required.
<p>Objective 6 - Te Ngākau is a place that is resilient, sustainable</p>	<ul style="list-style-type: none"> An evacuation centre Temporal planning of the space 	<ul style="list-style-type: none"> An evacuation centre is not something we want to reflect in the Framework. The policies

<p>and enduring</p> <p>Objective 7 - Te Ngākau is easily and safely accessible and integrated with the wider transport network</p>	<ul style="list-style-type: none"> • An integrated movement plan that proposes how people move into and out of the precinct and connect to the wider public transport system could be developed. 	<p>set out the level of resilience we want to achieve here.</p> <ul style="list-style-type: none"> • With respect to an integrated movement plan officers will include stronger reference to Public Transport network in this area.
<p>Other key issues identified</p>	<ul style="list-style-type: none"> • Provision of green space • Maintenance and cleanliness • Safety including surfaces (slip factor) • View from the bridge to the water • Nikau ramp • Habitats for birdlife • Sale and lease back of development sites 	<ul style="list-style-type: none"> • Provision of green space is well covered in the framework noting the changes made under the Vision and under Objective 5. • Safety will be at the forefront of any design and material choices. • Views from the bridge to the water and viewshafts are reflected in Framework. • The Framework does not propose any changes to the Harris Street ramp or the City to Sea Bridge, if changes were proposed in the future these would be guided by the principles of the Framework. • Habitats for wildlife – the strategy encourages a preference for native flora through the policies • The Framework is clear that Council cannot afford to fund all of the development required across the precinct alone and will need to consider alternative funding options.
<p>Any other suggestions:</p>	<ul style="list-style-type: none"> • Consideration of financial implications both in terms of investment of public funds and prioritisation, and the appropriateness of a Council led development to accommodate staff • Incorporation of a public viewing area towards the harbour if the city to sea bridge is removed. • Further clarification 	<ul style="list-style-type: none"> • The Framework acknowledges the financial constraints on Council and that it cannot afford to fund this alone. • The Framework is clear on the relocation of Council’s main premises back into the precinct. • The Framework does not suggest the removal of the city to sea bridge and any consideration of this in the future would be guided by the Framework which addresses views.

	<p>about the amount and location of green spaces across the areas of change, and an overall increase in green space</p>	<ul style="list-style-type: none"> • The strategy seeks an overall increase in the quantum and quality of green space, the exact amount and location in each area of change will only be known at a more detailed design stage.
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27. The public engagement on the Framework did not generate a significant number of submissions with a total of 76 submissions. Across the vision and objectives there is broad support and very little by way of opposition.
28. The strongest recurring themes were around open spaces and in particular green spaces. Officers note that this was specifically addressed through the changes Councillors made to Policy 5.2 *The amount of green space will be increased and should be located and of adequate size and dimension to ensure safety, usability and shelter.*
29. The question of the location of Council premises came up in the consultation process and was a theme that also came through the Council considerations around the future of the Michael Fowler Centre Carpark. The explanatory text for Objective 3 States that *...supporting the relocation of Council's main premises back into the precinct alongside a greater range of use.....*
30. Issues that came through the hearings process primarily identified the role of Te Ngakau as a community space, the importance of retaining the green spaces of Jack Illot Green and the City to Sea Bridge. Officers think the community aspect comes through the Framework and that for the precinct to be successful it requires a wide range of uses and users. The area from the Harris Street ramp, around Jack Illott Green and through to Capital E and the City to Sea Bridge is identified as an area of change with a range of issues that are identified in the Framework. The Framework does not seek to provide design solutions to these issues, it sets out the objectives and policies that should be considered when looking at change.
31. Officers have reviewed the themes and comments arising from the public consultation process and have used these strengthen the Framework where appropriate.

Next Actions

32. Once adopted the Te Ngakau Civic Precinct Framework will be used to guide consideration around the key projects in the precinct that are either underway or in the planning phases. These include Te Matapihi, the MOB/CAB consenting process, the integration of the Town Hall public space works and the Michael Fowler Centre carpark development.
33. As part of the draft District Plan consultation, it will be signalled that Council proposes to consider giving effect to the approved Te Ngakau Civic Precinct Framework.
34. Council will be considering a paper at the Council meeting of 30 September 2021 regarding the future of the Michael Fowler Centre carpark. This area is identified as one of the areas of change in the Framework and depending on the outcome of the decision on this proposal officers will amend the Framework to reflect any decision of Council. That is, if the decision is to proceed, officers will reclassify the area of change

to an area of development, if the decision is not to proceed officers will leave it as an area of change.

Attachments

Attachment 1. Te Ngākau Civic Precinct Framework [↓](#) 

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Author	Danny McComb, Te Ngākau Programme Director
Authoriser	Mike Mendonca, Acting Chief Infrastructure Officer

SUPPORTING INFORMATION

Engagement and Consultation

Public consultation was undertaken from 19 May 2021 through until 16 June 2021, this is covered in the report.

Treaty of Waitangi considerations

Te Ngakau Civic Precinct is an important location for mana whenua and they have been engaged in the development of the Framework and the importance of mana whenua is reflected in the Framework.

Financial implications

There are no direct financial impacts from the adoption of the Framework. The Framework does recognise the financial challenges facing Council generally and the need to work with other parties to fund any future developments.

Policy and legislative implications

The Framework will become an important guiding document for any development of the precinct. The Framework has been developed to be consistent with the range of policies and programmes of Wellington City Council including the Planning for Growth Programme, the draft Spatial Plan and draft Central City Spatial Plan. The report addresses the heritage area connection with the District Plan process.

Risks / legal

There are no material risks or legal issues associated with the adoption of the Framework.

Climate Change impact and considerations

Climate change impacts and considerations have been at the heart of the development of the Framework and feature prominently in Objective 6.

Communications Plan

If the Framework is adopted a brief media release would be circulated.

Health and Safety Impact considered

The report is around the adoption of a Framework for Te Ngakau and there are no Health and Safety issues arising from this report. Safety from a perspective of future development within the precinct is a theme covered under the Framework under objective 5.

Absolutely Positively Wellington City Council

Me Heke Ki Pōneke

Wellington City Council Te Ngākau Civic Precinct Framework September 2021



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Appendices

Appendix one: Key stakeholders

*"...the place where you
can change yourself,
change Wellington and
change the world."*

- Dr Sarah Rusholme
Experience Wellington

1. Executive Summary

Te Ngākau is the beating heart of our capital city: A thriving neighbourhood where creativity, culture, democracy, discovery and arts experiences collide on the edge of Te Whānganui-a-Tara.

The Te Ngākau vision statement

Te Ngākau Civic Precinct is Wellington's unique civic place: an anchor point that connects the central city and the waterfront, both a place in its own right and a gateway between the city and the harbour. The precinct is the result of Wellington's evolving planning, civic and architectural ideals of the 20th Century and represents an enduring place for Wellingtonians to engage with civic life. Most of all, it is a place that Wellingtonians identify with and love.

The precinct is entering a phase of transition. The civic buildings and assets within the precinct are in various states of operation. Some are currently closed, due to earthquake damage or as a precaution due to seismic risk, such as the Wellington City Library, the Civic Administration Building (CAB), the Municipal Office Building (MOB), Wellington iSite, car parks and Capital E. The Town Hall is currently under repair but the square itself, Michael Fowler Centre and the City Gallery remain open. Beyond seismic resilience challenges, the precinct faces significant issues relating to the management of water, including current flooding and inundation issues and the overall threat that climate change and sea level rise poses to this coastal precinct, which will increase over time.

While some of these buildings, like the Town Hall and the Central Library, are on a course to repair and restoration and will see out another era in the square, there are still outstanding issues that require resolution to reinstate Te Ngākau as the vibrant heart of the city. These include significant resilience issues, to spatial issues relating to how the precinct is laid out, connected and accessed as well as individual building performance, programming and activities. In addition, the affordability of restoring Te Ngākau is a major issue for Council, who, given the current financial constraints, cannot afford to fund this alone.

A thriving and resilient Te Ngākau would enrich our community, local economy and natural environment at a time when the Capital city faces increasingly complex challenges from population growth, climate change, housing pressures and the decline of infrastructure. Rather than addressing each issue and site in isolation, this framework provides the strategic approach required to ensure decision making for all components contributes to the vision for Te Ngākau.

2. Introduction and Purpose

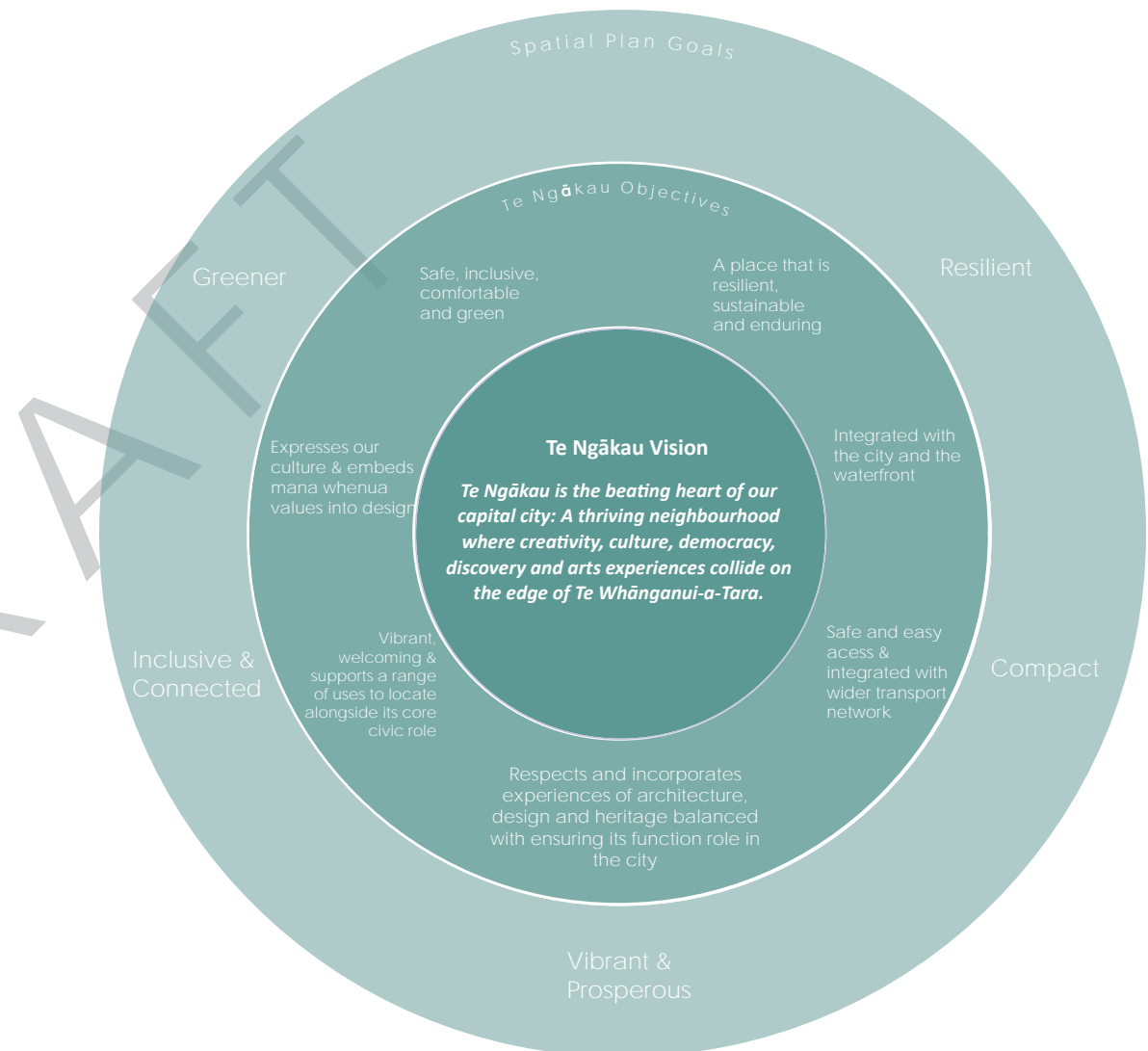
The purpose of this framework is to provide an integrated and strategic guide for the future of the Te Ngākau Civic Precinct. The framework provides a comprehensive vision, objectives and policies for the precinct which align with the spatial plan goals of a Wellington that is resilient, greener, compact, vibrant and prosperous, inclusive and connected. The vision, objectives and policies were developed with key stakeholders, including mana whenua, Councillors, Council staff and advisors, existing users of the precinct and local community. These have been tested with the wider community to ensure they represent Wellingtonians' aspirations for this important place.

Preparation of the framework

To ensure Te Ngākau Civic Precinct is a thriving, successful public place a considerable list of issues require addressing. These were identified through interviews with key stakeholders:

- Closure of buildings due to seismic damage or poor seismic performance has meant a loss of people, activity and vibrancy in the precinct
- Te Ngākau does not reflect Wellington's unique culture and identity, specifically, it does not reflect mana whenua and Te Ao Māori
- The precinct has major resilience challenges now and is not equipped to deal with future resilience challenges such as climate change or a major earthquake
- The precinct fails to integrate with the central city and the waterfront and provide clear, safe and inclusive access between these important places

Understanding this framework



-
- As a public space (even before building closures), civic square is unsuccessful. It lacks activation from the buildings, it is hard and impermeable and there are inherent safety and access issues due to challenging levels, obstructed sightlines and an overall lack of permeability and legibility (access and intuitive wayfinding)
 - The precinct lacks greenery and green open space and does not reflect the natural character of Wellington harbour

The issues Te Ngākau is subject to are complex and occur at varying scales, from repair of individual buildings with seismic damage, to wider-scale issues such as layout and access, to significant global issues such as, how the precinct will adapt to climate change and sea level rise. A strategic approach is required to ensure that the resolving of these issues happens in a comprehensive, integrated way that supports the vision for the precinct and delivers value and affordability for Wellingtonians.

A living framework

The aim of this framework is that it will be a 'living' document and tool which supports Council and its partners to work towards the ongoing transformation of Te Ngākau Civic Precinct. The framework will provide the overarching frame of reference for decision making to resolve these complex issues. Importantly, it also identifies key areas of change- parts of the precinct where opportunities for transformational change should be seized to deliver on the vision for the framework, but also where opportunities exist for new development to occur that will provide new investment to help deliver value for Wellingtonians.

Wellingtonians care deeply about the future of Te Ngākau Civic Precinct. The framework aims to provide the city with a clear direction and certainty about the overall direction for the area, while retaining flexibility to allow for the detail of what happens to be worked out within individual projects in years to come.

Consistent decision making

Te Ngākau Civic Precinct requires significant investment to achieve the vision as set out. There are a range of interdependencies through the precinct between buildings, public space, infrastructure and activities. Consideration of how individual decisions on components impact the broader vision for the area is critical in being able to ensure that momentum builds towards delivering the outcomes intended and that progress is made.

The vision cannot be delivered solely by Council, a partnership approach must be taken to develop the precinct efficiently and to a high standard. Commercial partnerships on some sites should be utilised to offset the considerable investment Council will be required to make into its own assets.

3. Historic Context

History

It is from Māori that we have the earliest stories about Te Whānganui-a-Tara where Te Ngākau Civic Precinct is located, on the western shores (Figure 1).

The renowned Polynesian explorer and navigator Kupe, is often linked to the discovery of Te Whānganui-a-Tara. From Kupe and his whānau, who are thought to have come to the harbour in the 1200s¹, we have been gifted with not only names for the Wellington region, but the name 'Aotearoa' itself.

Māori legend also tells the story of two taniwha, Ngāke and Whātaimai, who are said to have created the harbour with their thrashing bodies as they attempted to escape the original lake.

Later came brothers Tara and Tautoki, sons of Whātonga who brought reports of the harbour back to their father in the Mahia peninsula of a 'great harbour'. These reports encouraged Whatonga to establish a settlement here, and it is from this story the name Te Whanganui a Tara 'the Great Harbour of Tara' is derived. The descendants of Tara and Tautoki include the iwi of Ngāi Tara, Rangitāne, Muaūpoko, Ngāti Apa, and Ngāti Ira.

The early 19th Century saw the arrival of Taranaki iwi, including Ngāti Toa and Ātiawa to the area. This caused major change for the iwi who had been resident here for many generations.

Today, Port Nicholson Block Settlement Trust who represent Taranaki Whānui ki Te Upoko o Te Ika and Te Rūnanga o Toa Rangatira are recognised as the mana whenua of Wellington.

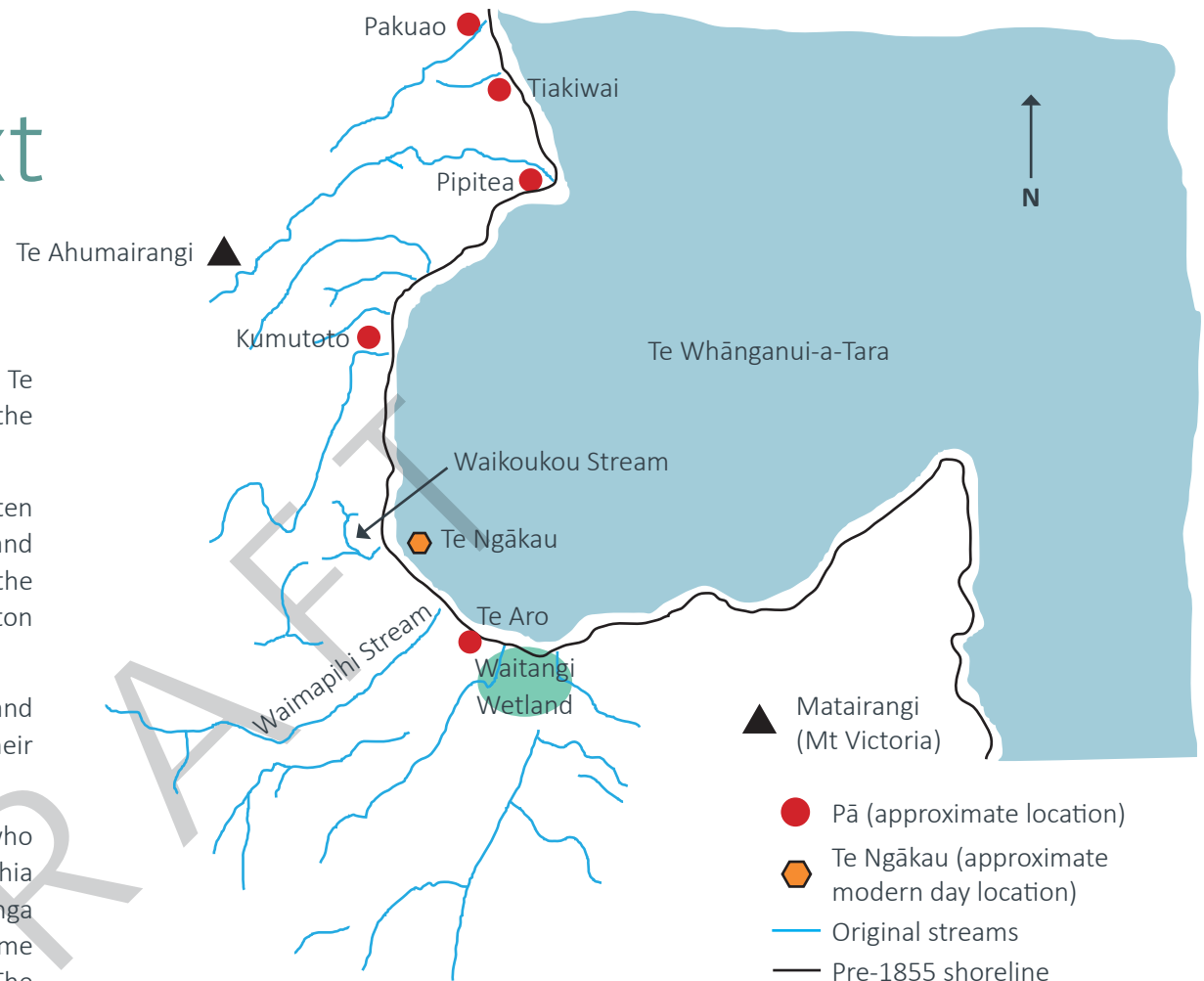


Figure 1: Approximate location of modern day Te Ngākau

Thriving kāinga (villages) and pā stretched along what would have been a pristine coastal landscape fed by freshwater streams. Water-based trade and communications system were in place and the area south of Te Aro Pā (Figure 1) was well cultivated with gardens extending back to Pukeahu and even the hilly areas of Brooklyn. Teeming with birds and aquatic life, the harbour and the streams that flowed into it would have been at the heart of local life, providing a plentiful food basket for māori who lived here.

Modern day Te Ngākau is located between several significant places, the Te Aro Pā, situated in the heart of the waterfront, Kumutoto Pā, to the north, and the Waikoukou and Waimapihi Streams.

¹<https://teara.govt.nz/en/photograph/2295/kupes-anchor>

Diagram reference: Te Whanganui a Tara Me Ona Takiwa: Report on the Wellington District (Wellington: Legislation Direct, 2003)

Natural character and landscape

Today, Te Ngākau is an inner-city urban public space, home to several civic buildings with limited green open space. Historically, this place would have been the shores of Te-Whānganui-Tara, a place where stingrays basked in shallow waters, a place for fishing and food gathering.

Prior to human occupation, the Wellington region was covered in dense forest, from the harbour to the hilltops. Forest ecosystems are thought to have covered around 782,200ha of the Wellington region. Today, only 27% of this remains².

As shown in Historical Habitat Cover (Figure 3), the low-lying area where central Wellington is now located would have been hardy wind and salt-resistant coastal forest dominated by bluffs and steep escarpments. Streams filled with native fresh water aquatic life would have flowed from the forest to the sea. The area known as Te Ngākau would have been located here at the water's edge, with Kumutoto stream to the north, the Waikoukou Stream nearby (reaching the harbour close to modern day Manners Street) and the Waimapihi Stream and Waitangi wetland nearby to the south east.



Figure 3: Approximate location of modern day central Wellington and Te Ngākau are indicated on the Historical Habitat Cover map.

(source: <https://wellington.govt.nz/~media/services/environment-and-waste/environment/files/habitat-historical.pdf?la=en>)

²<http://www.gw.govt.nz/assets/Our-Environment/Environmental-monitoring/Environmental-Reporting/Forest-ecosystems-of-the-Wellington-region-reduced.pdf>



Figure 4: Photograph of the Public Library and Technical School seen from Mercer/Wakefield Street (Alexander Turnbull Library)



Figure 5: Photograph of the Town Hall (with now removed clock tower) attributed to Robina Nichol (Alexander Turnbull Library)



Figure 6: Wellington Public Library in Mercer Street 1940 (Alexander Turnbull Library)
 REF: <https://teara.govt.nz/en/libraries/page-1>
<http://www.wellingtoncityheritage.org.nz/buildings/301-450/325-wellington-town-hall?q=> (TOWN HALL SOURCE)

The Evolution of Te Ngākau

Today, much of Wellington’s waterfront and central city is located on land reclaimed from the harbour during the settlement of Wellington by British colonists in the late 1800s. By the end of 1870, the Government, provincial and city councils had reclaimed some 70 hectares from the harbour. The civic precinct we know today is located entirely on this reclaimed land. The first public building erected on Te Ngākau was a combination of Wellington City Council’s 1893 Public Library and the Technical School (Figure 4) and these were indicated on Thomas Ward’s first survey of Wellington in 1889 (Figure 7). Designed by William Chrichton, this public library was actually Wellington’s third or fourth in its short history as a British settlement. However, it was the first built by the Wellington City Council who were inaugurated in 1870 and have maintained a constant presence in the precinct since the construction of the original library.

These buildings were soon followed by the first Town Hall, built in 1904 (Figure 5) and a new library building, today referred to commonly as the ‘Old Library’ (because it predated the current Athfield library), that replaced the poorly constructed Chrichton buildings which were demolished in 1945 due to seismic damage. The ‘Old Library’ (Figure 6) was a new purpose-built public library, design by Gummer and Ford architects in the Art Deco style. Today it is the home of the City Gallery, Te Whare Toi. It is the first of these early buildings to provide associated public space in Te Ngākau .

The development of the Te Ngākau we recognise today emerged in the early 1970s, when British planner Robert Kennedy was commissioned by Council to provide a development concept for a Civic Square which, at the time, would have comprised of a number of disparate civic buildings and streets.

Kennedy’s ambitious proposal reflected the post-modernist urbanism and architecture ideals of the time and proposed a transformation of the area, creating a pedestrian-only precinct with interconnected buildings set around a central civic plaza. It was not until the following decade, in 1983, when one of the buildings Kennedy proposed was realised – not as he had intended, as a replacement for the existing Town Hall, but as the Michael Fowler Centre a new events centre. It was designed by Warren and Mahoney.

Much of Kennedy’s plan was realised in the following decades by a consortium lead by Fletchers Construction and designed by Ian Athfield, Gordon Moller of Craig Craig Moller Architects, and Stevenson and Turner’s Maurice Tebbs. It was this era of development that shaped the precinct we know today, with the enclosed pedestrian only square, the Athfield designed Central Library, the sweeping Nikau Palm ramp, the variable levels and decorative pools, the City to Sea Bridge and the Civic Administration Building.

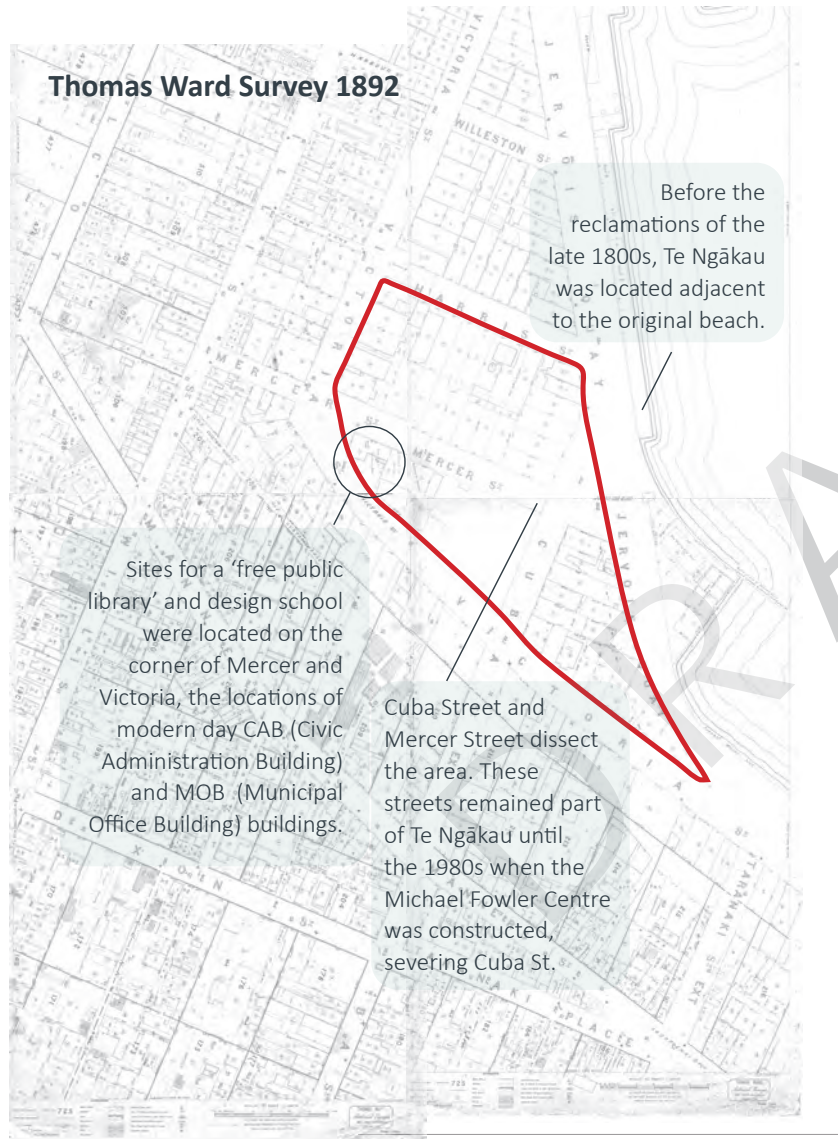


Figure 7: Thomas Ward's original survey of Wellington showing sites for the free public library and technical school (source: Wellington City Council Archives)

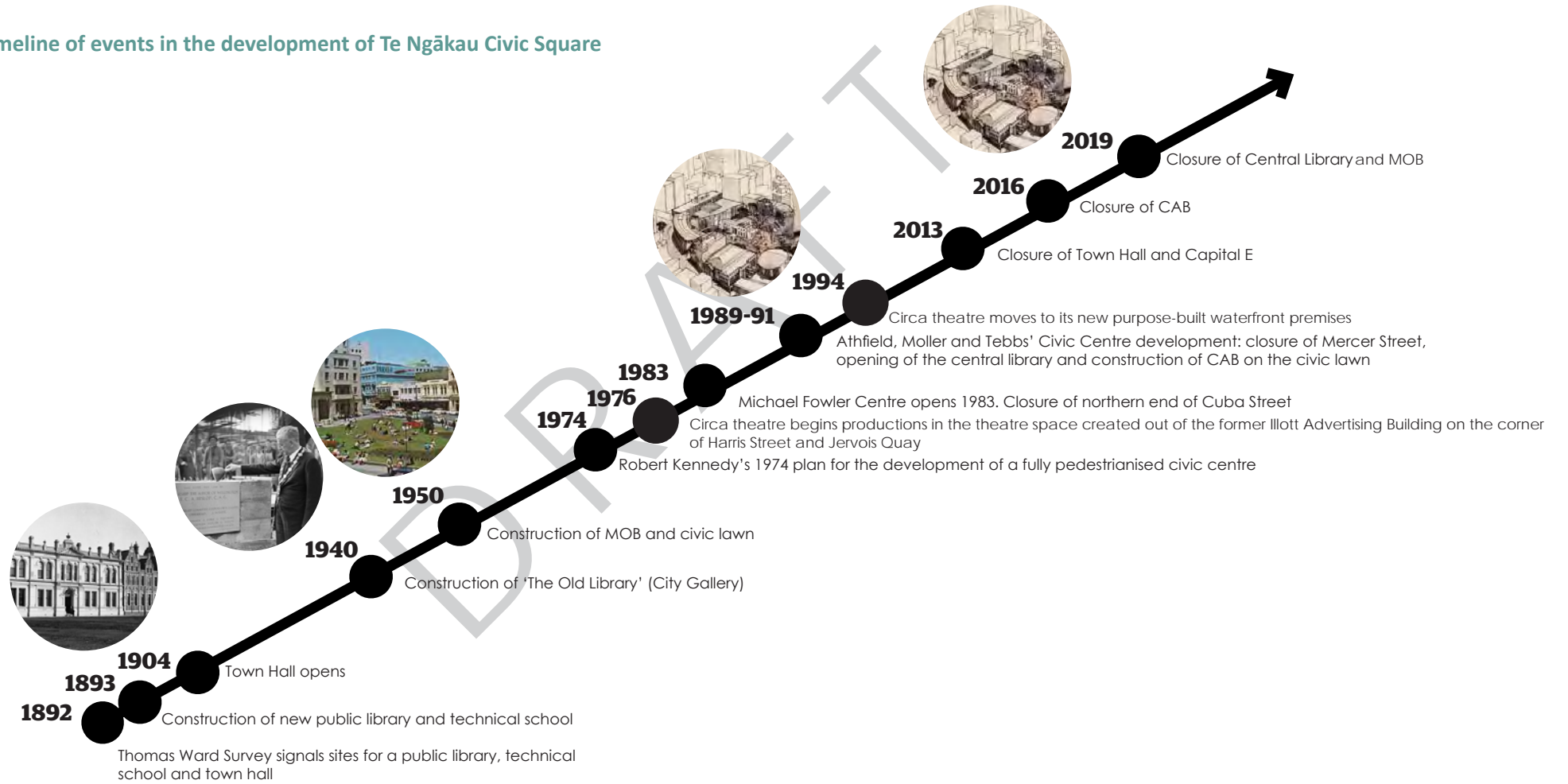


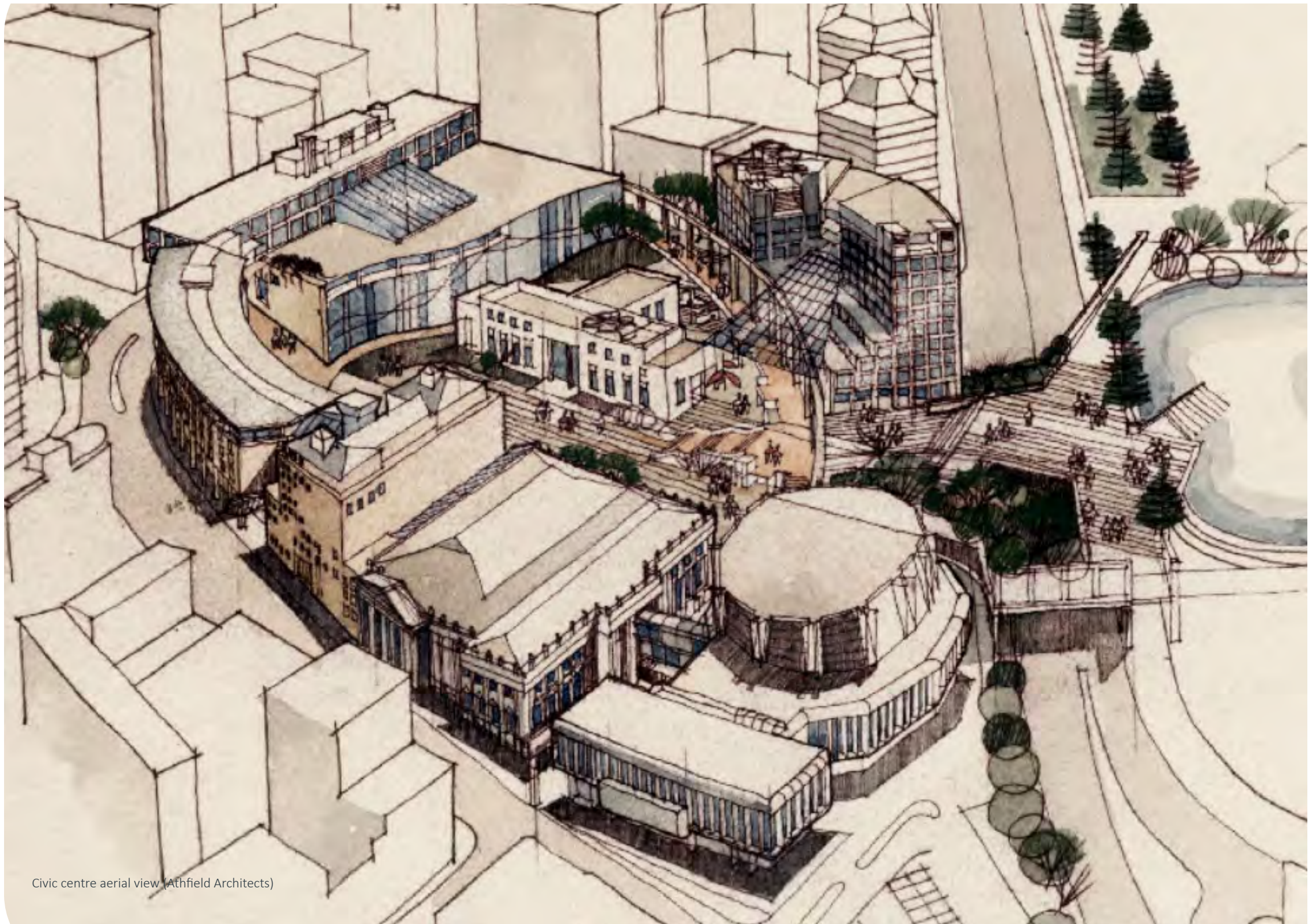
Figure 8: Civic centre aerial view (Athfield Architects)



Figure 9: Civic centre plan view (Wellington City Council Archives)

Timeline of events in the development of Te Ngākau Civic Square





Civic centre aerial view (Athfield Architects)

4. Policy context

Policy context

The current planning framework for the precinct is set through a range of strategies, policies and programmes established by Wellington City Council. This includes the existing planning controls given in the District Plan and the future directions currently being developed as part of Planning for Growth. Planning for Growth is a programme run by Council to guide the city's future growth. The focus of the programme is the development of a new Spatial Plan for the city incorporating the Central City Spatial Vision as well as a full review of the District Plan. Both of these will impact and shape Wellington's urban environment.

Draft Spatial Plan and Central City Spatial Vision

The development of this framework has been informed by and is intended to give effect to the overall directions of the Draft Spatial Plan and Central City Spatial Vision. The goals for the Draft Spatial Plan have been used to guide development of the objectives for the Framework as follows:

- **Compact** – the framework aims to allow transformation of the precinct in a way that builds on existing urban form and enhancing provision of open space with quality development allowed for in the right locations.
- **Inclusive and connected** – the framework seeks to improve the overall connectivity through the precinct and to create an inclusive space open to all.
- **Greener** – the development of the framework has sought to investigate opportunities for increasing green space throughout the precinct. The improvements required to existing buildings presents an opportunity to increase greening through the precinct.
- **Resilient** – The framework seeks to ensure that each project undertaken within the precinct will achieve an overall improvement to resilience and support its role as a resilience anchor.
- **Vibrant and prosperous** – The framework allows for the introduction of new uses into the precinct to enhance vibrancy whilst ensuring it can continue to play its civic role.



District Plan Provisions

The District Plan sets the development controls that currently apply to development within the precinct.

The precinct is zoned Central Area and is listed as a heritage area (Civic Centre Heritage Area) in the District Plan. There are also two listed heritage buildings- the Wellington Town Hall and the City Gallery; and two “contributing buildings”, the Municipal Office Building (MOB) and the Michael Fowler Centre. Four remaining buildings are identified as “non-heritage buildings”: Wellington Central Library, Civic Administration Building (CAB), Ilott Green and approaches to the City to Sea Bridge. Pouhere Taonga Heritage New Zealand has recently classified the Wellington Central Library as a heritage building, however this does not change the status of the building in the District Plan.

Whilst the Central Area zoning allows for a broad range of uses and activities to be undertaken within the precinct the heritage provisions mean that development and change within the precinct must be considered within the context of how it contributes to the overall heritage qualities of the area. The design guidance for the Civic Centre Heritage Area acknowledges that the heritage values of Civic Centre lie not only in the historic buildings themselves but also the way in which the buildings are carefully integrated into the public space and create the framing and enclosure of the ‘square’ resulting in complete exclusion of traffic from the area. The redevelopment of buildings within the precinct provide an opportunity to enhance these qualities and improve the usage of the public space.

A maximum 27m height for new buildings is given in the Civic Centre Heritage Area design guide. This is consistent with the height of the existing library building but lower than MOB. The purpose of this height limit, at the time of drafting, was to ensure that any new development on either the Michael Fowler carpark site or Jack Ilott Green was sympathetic to the existing building heights and to retain the landmark value of the Michael Fowler Centre. Whilst the Spatial Plan does not indicate the height controls in the central city will change, the change that is set to occur in the precinct will require a review of the height controls given in the heritage design guide. Any change to height limits should be considered within the context of the objectives of this framework.



5. Constraints and opportunities

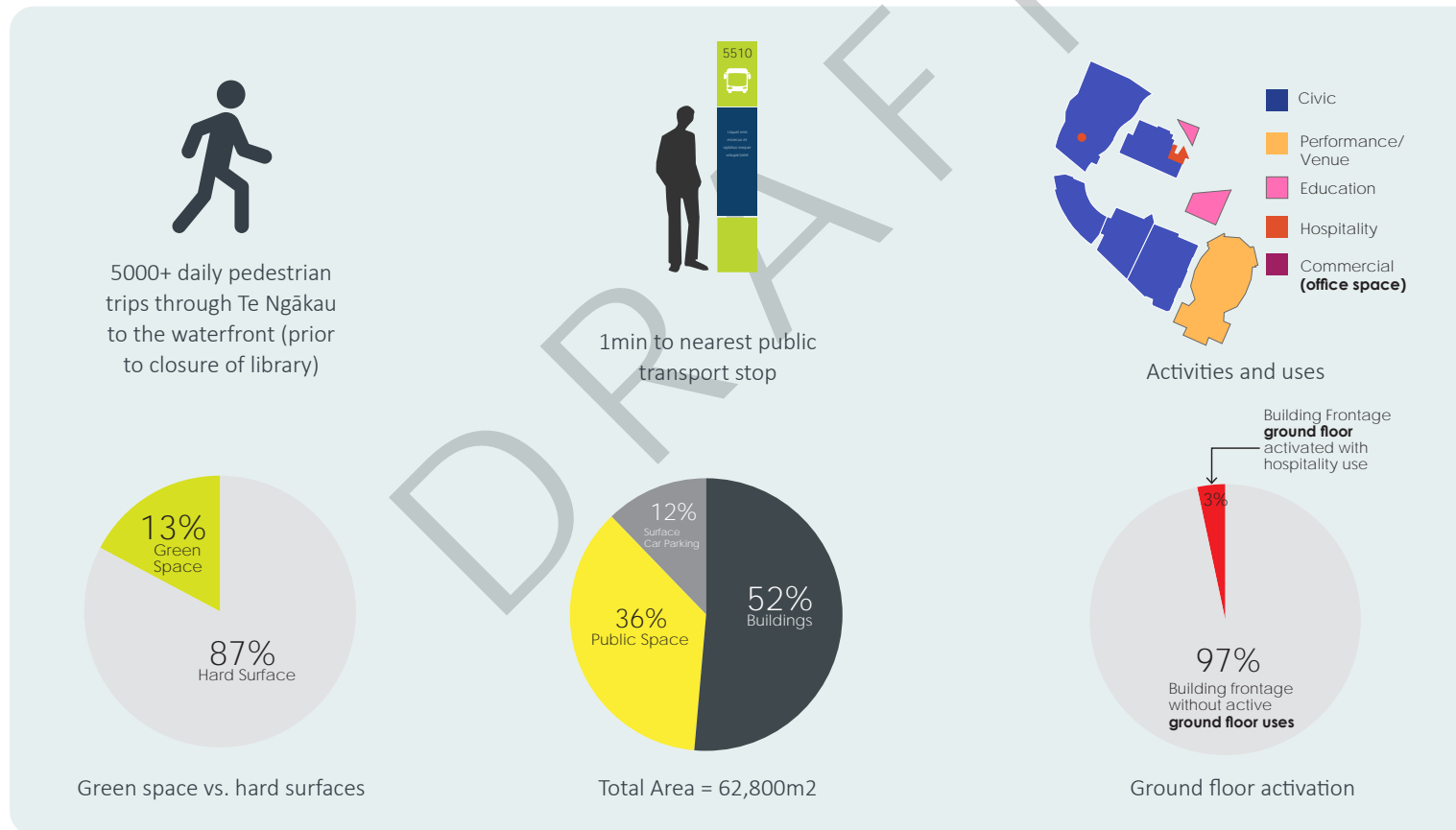
Today, Te Ngākau is subject to a range of complex issues including seismic damage, poor building performance, lack of activation and vibrancy, flooding and inundation, a lack of quality green open space and greenery and poor connection between the waterfront and the central city. These issues are analysed in this section, which then inform the concept, key spatial moves, objectives and policies set out in the following sections of the framework.



Figure 10: Te Ngākau today

Public space analysis

Te Ngākau Civic Precinct is part of the Wellington central areas network of public spaces. As a significant public space in the central area, Te Ngākau must play a role in supporting the provision of high-quality green public space in the central area, especially given its location on the harbour, where the sustainable management of water through green open space is paramount. With 50,000-80,000 more people expected to live in Wellington by 2050, (the majority of whom will live in Te Aro and the central city) it is increasingly important that central city public spaces are green, accessible, safe and functional to support these growing neighbourhoods.



Connectivity

Te Ngākau is located near central Wellington with many important city destinations including the Waterfront, the Golden Mile, Te Wharewaka o Pōneke, Cuba Street, Te Papa, Frank Kitts Park and Courtenay Place all within a 5-10 minute walk. The nearest public transport stop is a 1-minute walk on Willis Street.

However, access to the precinct is restricted and the precinct lacks permeability and clear wayfinding. This is in part because of the arrangement of the buildings, which create a sense of enclosure for the square but prevent easy access to the precinct. Permeability and wayfinding are important because they pertain to the extent to which a place permits or restricts the movement of people, the directness of their journeys and the ease with which people can intuitively find their way. Current building closures exacerbate this issue and inhibit the use of the laneway between Michael Fowler Centre and the Town Hall, the entrance between CAB and MOB, the accessway between the library and the City Gallery and the ramp to the City to Sea Bridge – which is of particular importance to people in the precinct who are restricted in their mobility. Accessing the precinct by vehicle is also challenging at this time, with closure of the underground car park and the temporary installation of the Royal New Zealand Ballet on the Michael Fowler Centre car park reducing the overall number of car parks in the precinct.

While it is located immediately adjacent to the waterfront, there is no direct ground level access between Te Ngākau and the waterfront because Jervis Quay acts as a physical barrier and no crossings are provided. Direct access between the waterfront and Te Ngākau is limited to the City to Sea Bridge which is currently inaccessible to anyone with restricted mobility due to the closure of the ramp and creates a barrier to direct visual connection between the waterfront and the square. Secondary access at ground level is available from the Harris Street Pedestrian over bridge (also inaccessible to anyone with restricted mobility) or via the pedestrian crossing at the Michael Fowler Centre car park which links to the waterfront.

Figure 11: Te Ngākau walking catchment





Figure 12: Connectivity issues

Activation and uses

Te Ngākau is situated between the commercial heart of Wellington and the entertainment and cultural areas, and therefore enjoys close proximity to a diverse range of activities and uses including retail, hospitality, hotel accommodation, commercial, recreational, cultural and community as well as many of the events that are held on the waterfront.

As to be expected, the precinct itself is mainly comprised of civic activities (Figure 13). These include the Central Library, the City Gallery, the Town Hall, and council office buildings MOB and CAB. There are two educational uses, Capital E which is currently closed and operating from Queens Wharf. There are also two hospitality uses: Nikau Cafe in the City Gallery and Clarks Café which operated from the Library mezzanine. The Michael Fowler Centre is a major events venue, hosting local, national and international events. It is also the current location of the Wellington iSite. As explained previously, many of these activities are not currently in operation due to the closure of buildings.

The clustering of similar types of activities has both benefits and drawbacks. There are potential benefits in the sharing of facilities, the maximisation of operational efficiencies, the facilitation of partnerships and service integration. However, the drawbacks of a precinct with a majority of civic activity that only operates during business hours, is that it will restrict the times of day that the precinct is ‘activated’ by people to daytime (Figure 14). Combined with a reduction in 24 hour public access above, the night-time use of the precinct is low.

The facades of buildings define the edges of streets and spaces and are important for creating an active, interesting and engaging space- especially at the ground floor level where the public will experience the buildings. Commercial activity (such as hospitality or retail) at the ground floor level is the greatest contributor to ‘positive edges’ or ‘ground floor activation’ because it draws the most people to a place, making it feel vibrant, interesting and increasing the perception of safety. Ground floor activation of Te Ngākau is generally poor, with only a small amount of active frontage provided by Nikau cafe (Figure 15) which faces away from the square. While not every building facade can be ‘active’ at minimum, the condition of edges should ideally allow people to engage visually with the building either with glazing/windows or architectural detail at eye level.

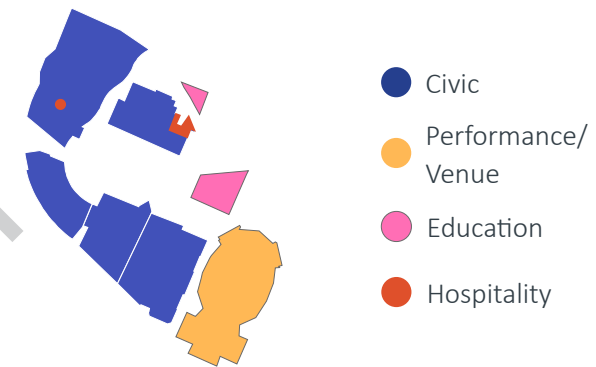


Figure 13: Typical activities and uses

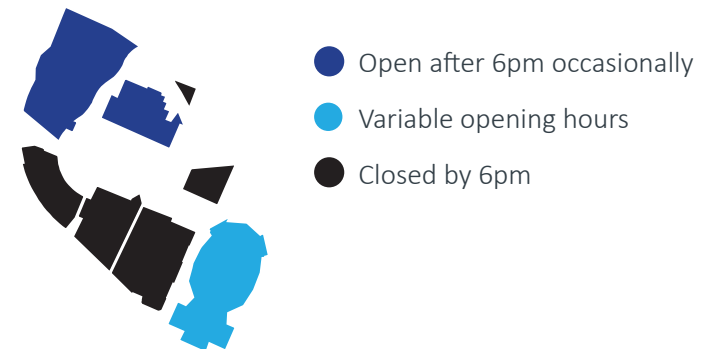
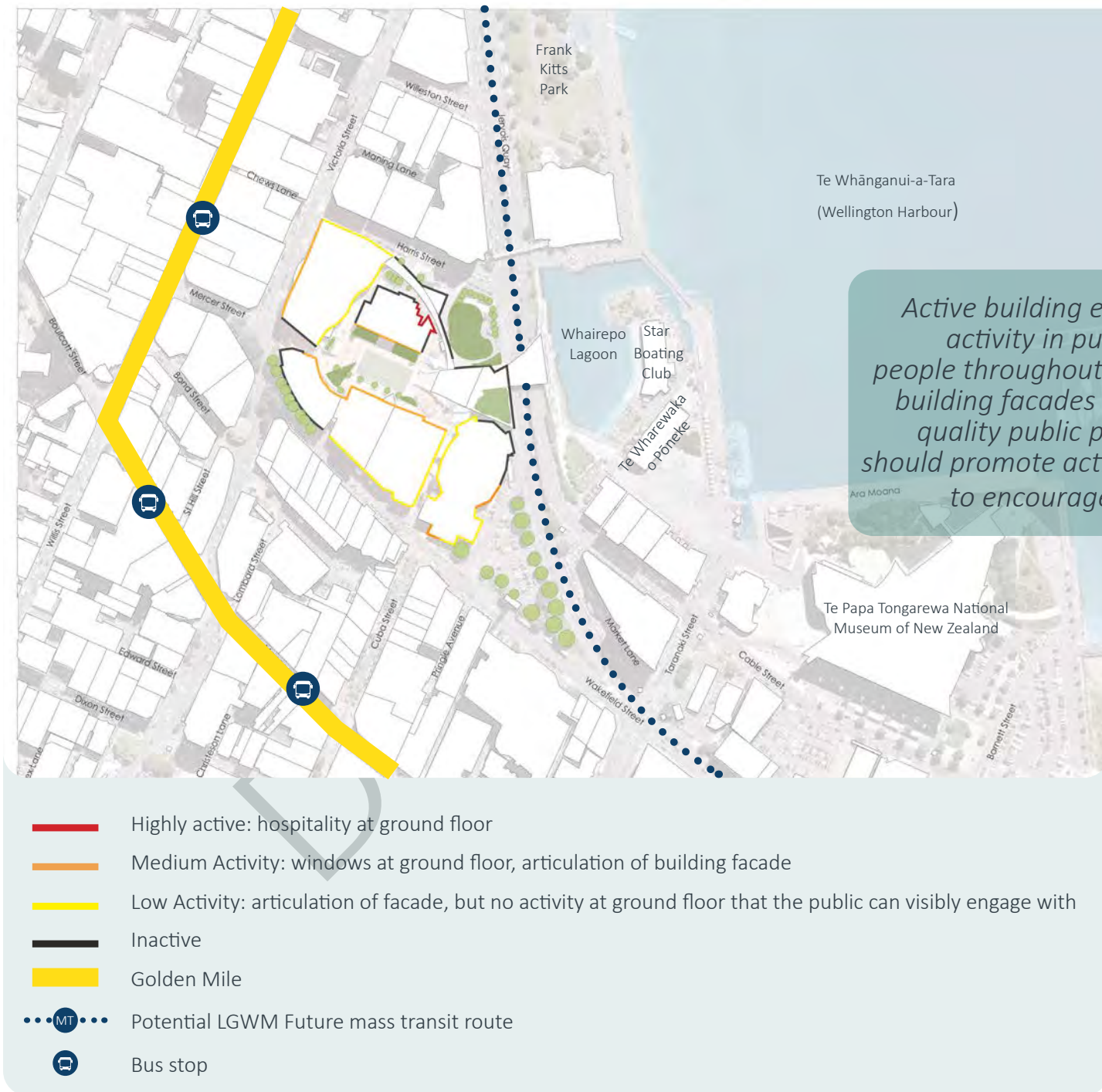


Figure 14: Activities supporting nighttime economy



Active building edges encourage more activity in public spaces, attracting people throughout the day. While not all building facades can be "active" a high quality public precinct like Te Ngākau should promote active edges on buildings to encourage use of public spaces.

Figure 15: Activation of edges in Te Ngākau

Climate and resilience

Te Ngākau is vulnerable to complex and long-term resilience challenges. These relate to seismic risk and existing seismic damage to buildings and structures, ground quality and the management of both stormwater and sea level rise.

As identified in the District Plan, Te Ngākau is located on reclaimed land which is vulnerable to liquefaction and ground shaking. The precinct is located in a 'moderate' liquefaction potential area (Figure 16) and has areas of both 'high' and 'moderate' ground shaking risk (Figure 17). A number of seismic events both here and around the world could have an impact on Wellington and Te Ngākau is especially vulnerable to damage from these events. This has already occurred, with the 2016 Kaikōura earthquake damaging and causing the closure of the CAB and Capital E buildings.

The CAB and MOB Buildings as well as the Town Hall, Capital E, City to Sea Bridge and Central Library are all subject to seismic issues. While the Town Hall is currently being strengthened and the Central Library is to be strengthened, decisions about the remaining buildings and structures are still to be made.

The precinct is also experiencing issues with flooding and the inundation of basement levels which impact on the operation of the basement car park (which is currently closed due to seismic risk) and the storage and servicing requirements of precinct buildings such as the City Gallery. This is likely to be exacerbated as climate change and sea level rise (SLR) become more advanced and extreme weather events increase in frequency.

The Ministry for the Environment recommends developing flexible adaptation plans. Guidance to local authorities planning for changes to *existing* coastal developments and assets (like Te Ngākau) is to conduct a risk assessment using all four sea-level rise scenarios and the adaptive pathways planning approach. Figure 18 (map on left) shows the scale of 1m of sea-level rise could look like for the precinct in the lighter blue shading.

For investments in major *new* infrastructure, a longer planning horizon of more than 100 years and the highest sea-level rise scenario (called the H+ scenario) should be considered. Currently, this scenario is for 1.4m of sea level rise (based on current modelling, though this will increase over time if green house gas emissions continue to increase). The need to plan for more than 100 years and the highest sea-level rise scenario (also shown in Figure 18 left hand image in darker blue shading) reflects the anticipated long life of such new developments in the coastal environment and the requirement in the NZ Coastal Policy Statement to avoid the increasing hazard risk.

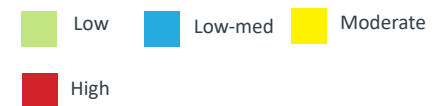
With climate change, the severity of flooding and inundation is also likely to increase. Figure 18 (right) also shows the extent to which flooding could impact Te Aro, with Te Ngākau indicated.



Figure 16: Liquefaction potential (source: WCC)



Figure 17: Ground shaking (source: WCC)



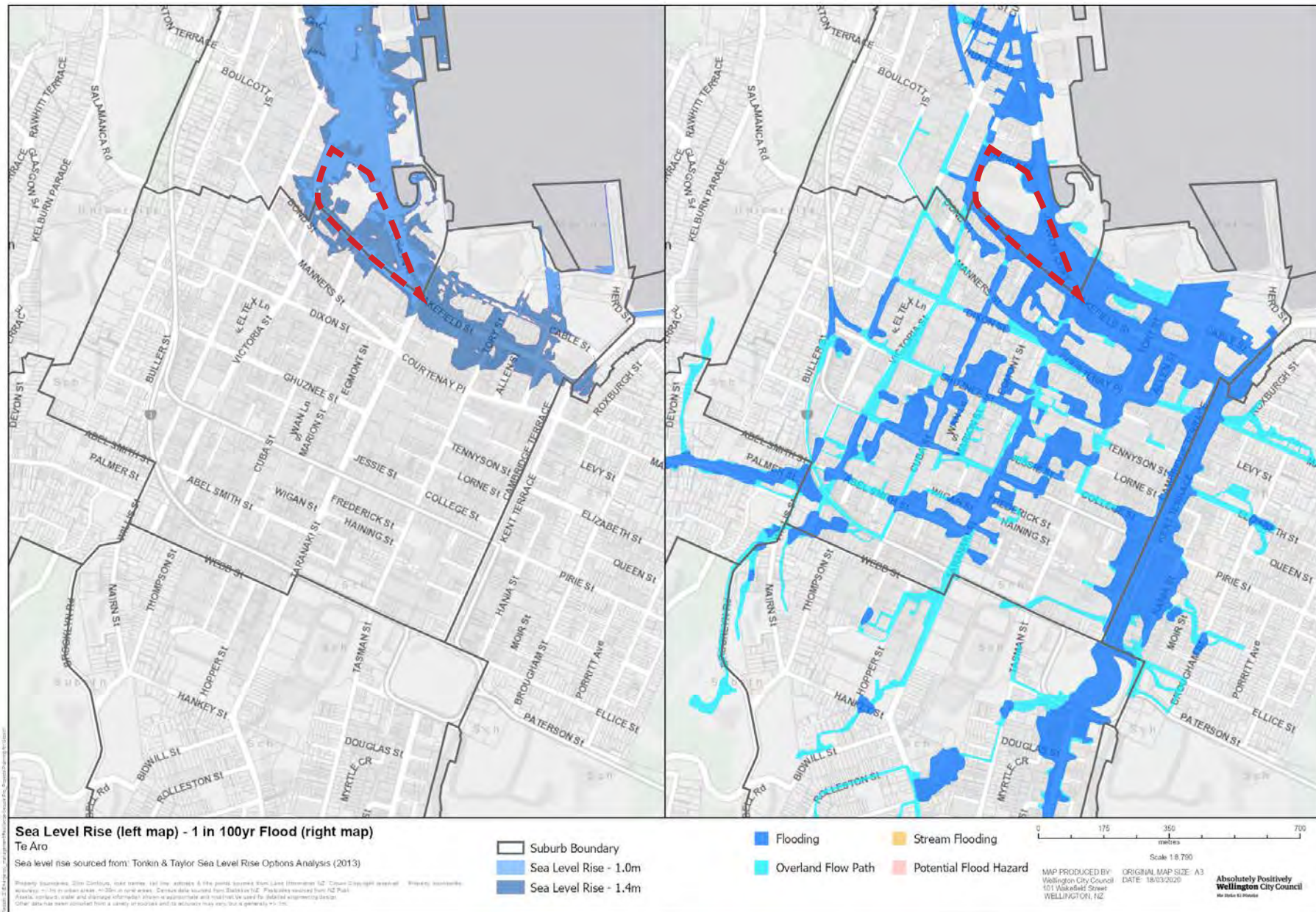


Figure 18: Sea level rise sourced from Tonkin and Taylor Sea Level Rise options analysis (source: WCC)

6. The Vision

The purpose of the vision is to guide the future direction of the precinct. It is a long-term goal that encapsulates the different aspirations for Te Ngākau Civic Precinct. A unifying statement that brings together what we want to achieve long term. Something that each different project or proposed change can strive towards, acknowledging that each different component of the precinct plays a unique role in achieving the overall goal.

The following vision statement has been developed through a review of stakeholder engagement and engagement with councillors, as well as analysis of the opportunities that exist.

The vision reflects the important role the precinct plays in the Capital city as a centre of local democracy and culture, but also reflects the desire to see the precinct come alive as a vibrant inner-city neighbourhood, and home of the creative arts. It is a space that provides a central meeting place for visitors and residents of our city that is adaptable and vibrant. It embraces the different roles the precinct plays in supporting and showcasing our creative arts industries as well commercial activity and civic functions. It also acknowledges the proximity of the precinct to the Harbour and importance it has in providing a connection from the city to the water.



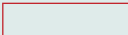






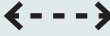

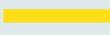
Vision statement

Te Ngākau is the beating heart of our capital city: A thriving neighbourhood where creativity, culture, democracy, discovery and arts experiences collide on the edge of Te Whānganui-a-Tara

7. The Concept



The concept identifies spatially where change and transformation is required to deliver on the vision, objectives and policies. It does not define or design the precinct but provides strategic direction

-  Area of change
-  Redevelopment expected
-  Transformation opportunities
-  High place function, medium movement green street
-  High place function, low movement green street
-  Green open space
-  Active frontage
-  Precinct connection
-  Laneway connection
-  Potential laneway connection
-  Pedestrian priority crossing point
-  Golden Mile

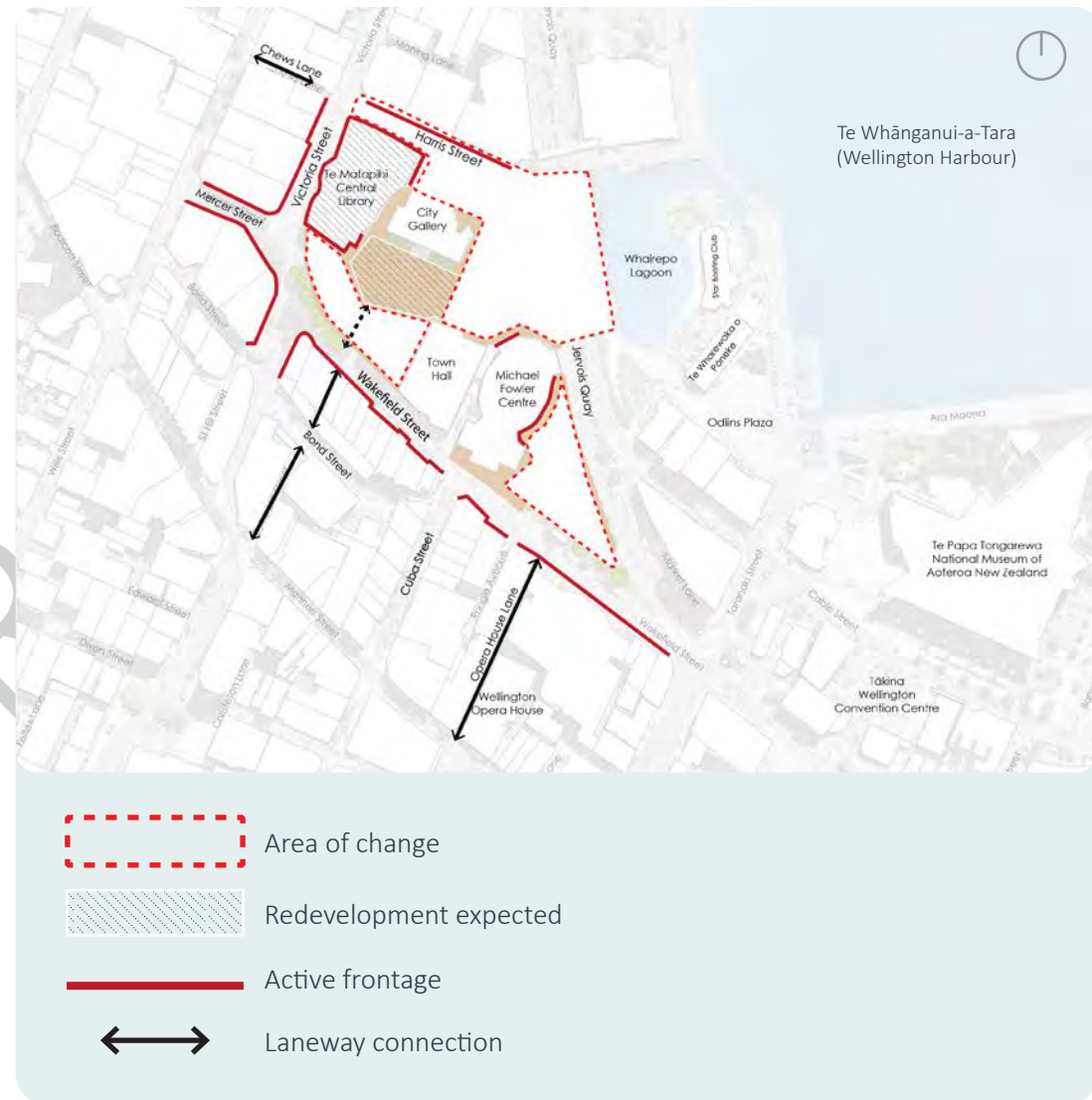
8. Key spatial elements

The following series of maps illustrate the key spatial changes that underpin the concept. These elements work together with the following objectives and policies section to achieve the vision for the precinct.

Areas of change

Three areas of change have been defined that represent significant opportunities for transformation in the precinct. These have been identified because they contain buildings or structures with poor seismic performance that require repair or have existing earthquake damage, poor design and/or they are underutilised parts of the precinct.

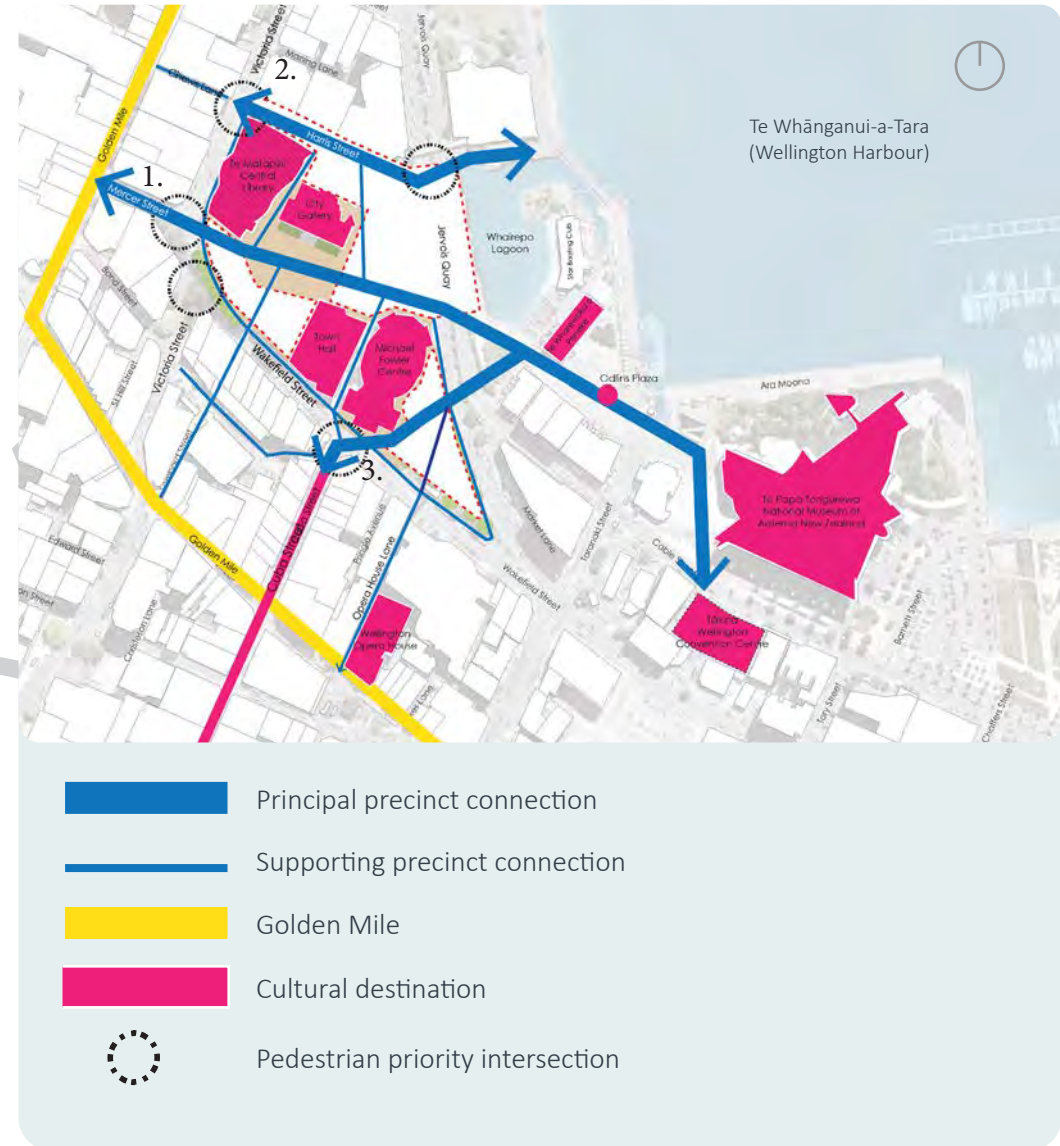
Within these spaces there are opportunities for new development, new green open space, improved connectivity and improved access to support the integration of the precinct, the city and the waterfront.

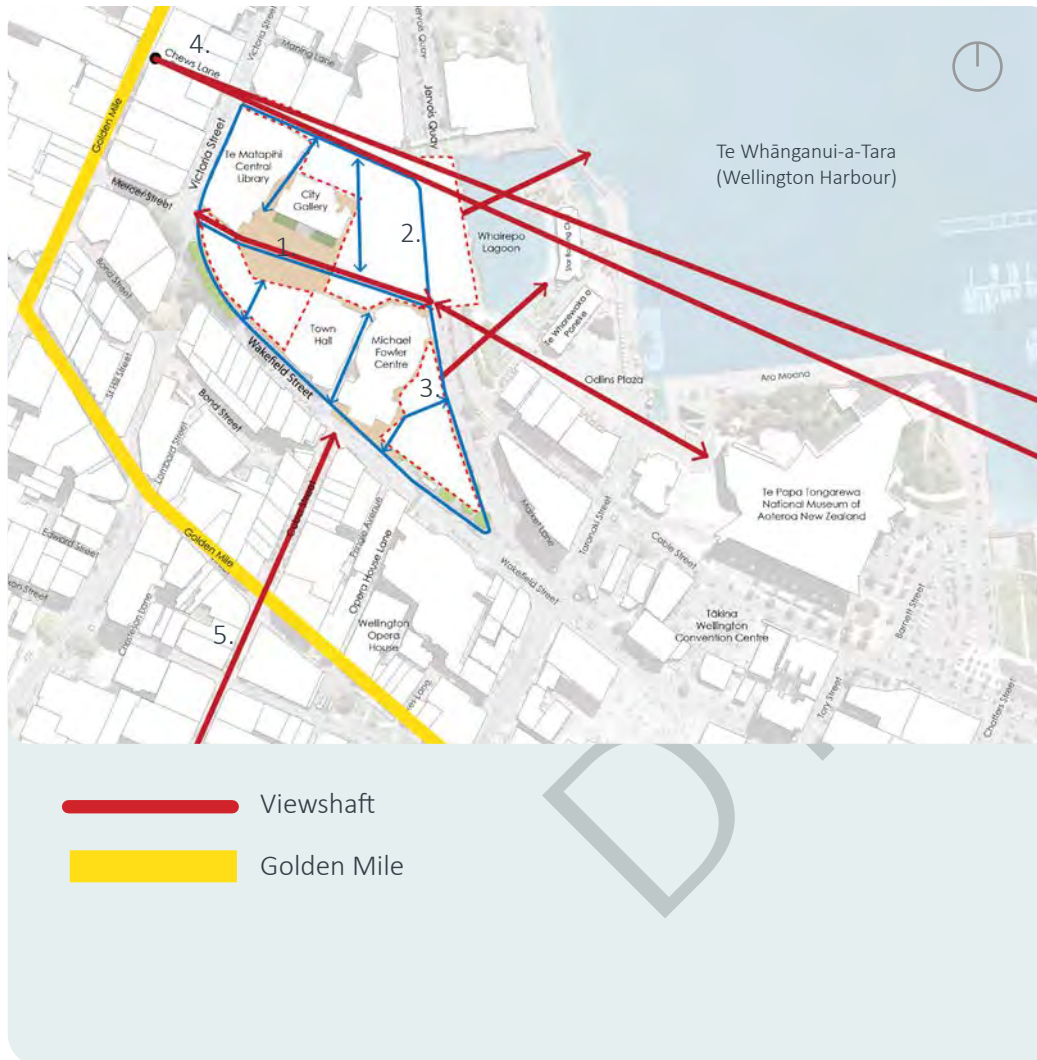


Key Connections

To create clear and legible access between the city, Te Ngākau and the waterfront, the following key pedestrian movement corridors to be established are:

1. Mercer Street, Te Ngākau and the waterfront to enable direct pedestrian access between the Golden Mile, Te Ngākau and cultural destinations such as Te Wharewaka o Pōneke, Odlins Plaza, Te Papa and Tākina Wellington Conference Centre
2. Golden Mile, Chews Lane, Harris Street and the waterfront
3. Cuba Street via Michael Fowler Centre area of change, the waterfront, providing a clear route between Cuba Street, Te Ngākau, and the waterfront.





Viewshafts

In order to establish a visual connection between the harbour, the precinct and the central city the following key views should be retained and established.

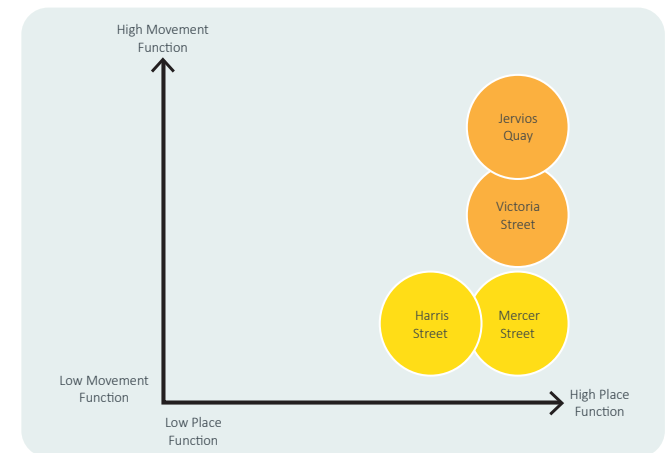
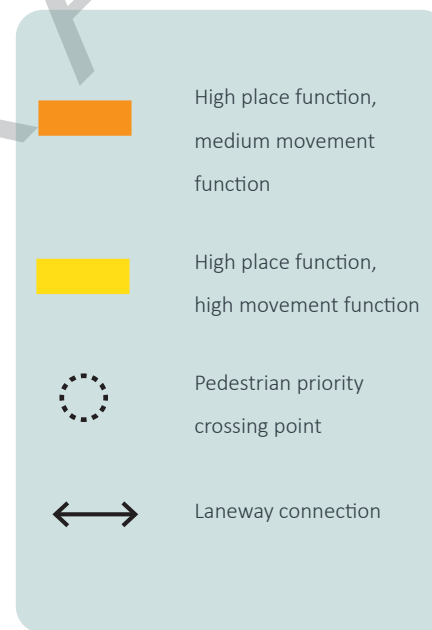
1. Views from the Mercer Street entrance across the precinct and views from the precinct onto Te Wharewaka o Pōneke and Te Papa
2. Views to Whairepo Lagoon, the waterfront and the harbour from the precinct
3. Views to Whairepo Lagoon, Star Boating Club and Te Wharewaka o Pōneke and ground level connection between Michael Fowler Area of Change and the waterfront
4. View from Chews Lane, Harris Street to Whairepo Lagoon and Star Boating Club
5. Cuba street view north to Michael Fowler Centre

Surrounding Streets

Safe, comfortable, attractive and green surrounding streets are essential to support people using the precinct, and to strengthen the network of connected public space in the precinct. The balance of movement and place functions are critical, as there are key movement corridors surrounding the area such as Jervois Quay and Victoria Street which must support people moving through the city and support 'place' functions as high-quality public spaces. The surrounding streets should be defined as follows:

- “High place function, medium movement function” - Jervois Quay and Victoria Street are signaled as streets which should balance place and movement by prioritising pedestrian movements and offering high quality streetscapes, while still allowing for slow vehicle movements where these streets border the precinct
- “High place function, high movement function” - Mercer Street, Harris Street and Wakefield Street should provide priority to place function by prioritising pedestrian movement and spill out activity while allowing limited vehicle access and slow vehicle movements.

Surrounding streets should consider the provision of safe crossing points to ensure that pedestrians have frequent opportunities for safe and comfortable ground level crossing points between the precinct, the central city and the waterfront. These crossing points should align with access to the precinct.



Increasing greenery and green space

To increase the quantity and quality of green open space in the precinct, green space should be delivered in the areas of change as part of the overall site redevelopment.

Green spaces are important for connecting people with nature and natural character in urban environments, mental and physical wellbeing, ecosystem services (such as air purification, carbon sequestration, biodiversity, sustainable stormwater water management, habitat for fauna and flora) shade and shelter.

Surrounding streets should also contribute as green streets integrated with sustainable stormwater drainage.

Note: the green circles on the diagram indicate that green space should be incorporated in the areas of changes, but these circles do not indicate the exact amount or exact location of green space which would be subject to more detailed design work that meets the objectives.

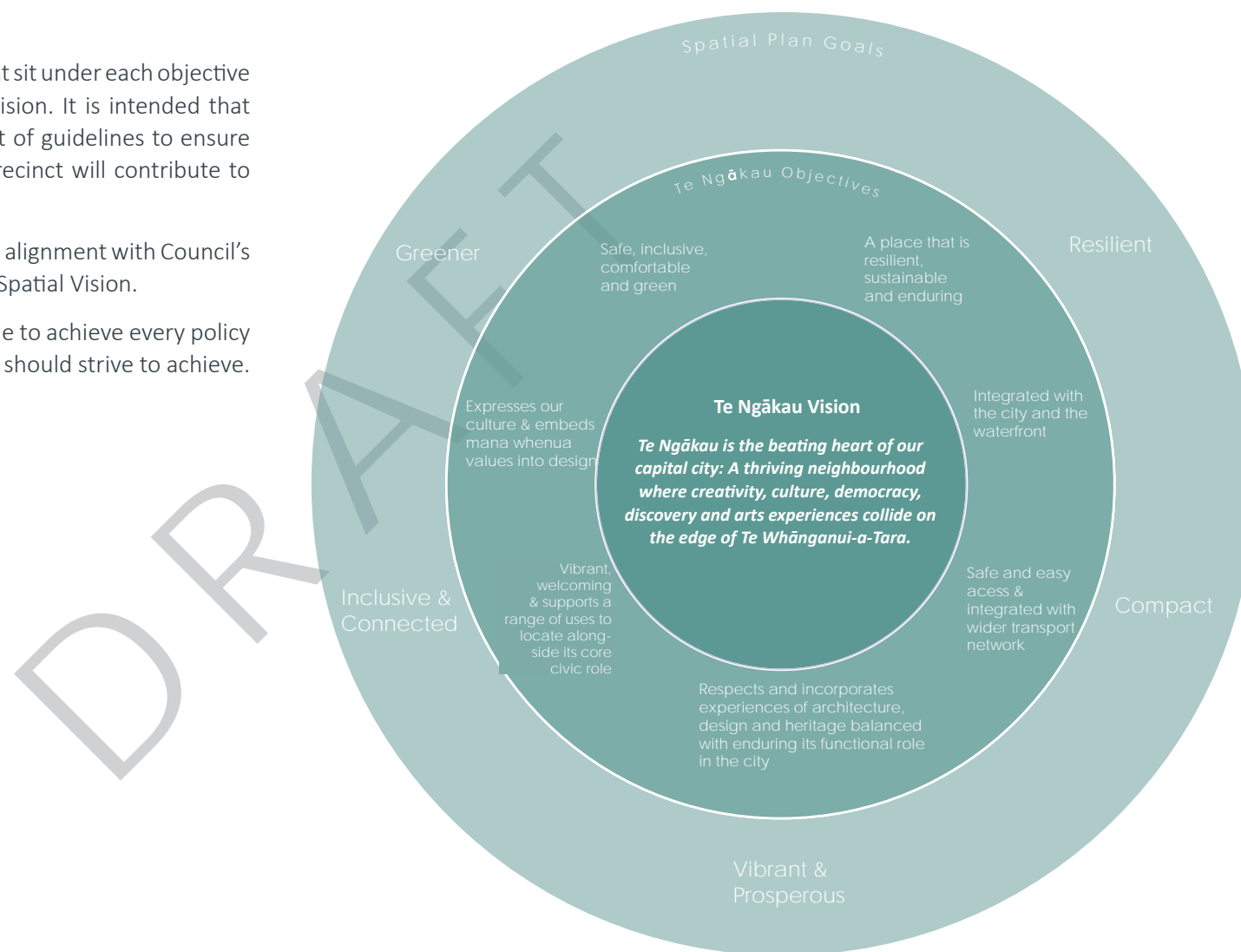


9. Objectives and policies

The following section outlines the policies that sit under each objective to provide a framework for achieving the vision. It is intended that they can form part of a design brief or a set of guidelines to ensure projects or proposed changes within the precinct will contribute to the overall outcomes for the precinct.

The vision and objectives for Te Ngākau are in alignment with Council's Draft Spatial Plan goals and the Central City Spatial Vision.

It is noted that some projects may not be able to achieve every policy in full. Rather, they provide a benchmark we should strive to achieve.



Objective 1: Te Ngākau is a place that welcomes and expresses our diverse culture and integrates Mana Whenua values into design and delivery processes.

Reconnecting the precinct with the Te Whānganui-a-Tara and the foreshore is of importance and references the origins of this place for mana whenua.

Embedding Mana Whenua values into the design and delivery processes offers up significant opportunities that benefit all cultures. Mana Whenua values are aligned to working in collaboration across all cultures and providing opportunities for all.

The Te Aranga Māori Design Principles are a set of outcome-based principles founded on Māori cultural values, and reflect the values outlined above. They provide practical guidance for integrating a Te Ao Māori perspective through design and delivery. The intent of adopting these design principles to guide change within the precinct is to create opportunities for the involvement and expression of all cultures and to create a welcoming and inclusive space. This includes their core values of whakawhanaungatanga (making connections and linkages), rangatiratanga (self-determination), manaakitanga (caring for others), and kaitiakitanga (providing guardianship). Mana whenua have a role as kaitiaki of the precinct, and as such their values should be reflected in the governance and design of the area.

Policies

- 1.1 Te Aranga Māori Design Principles (or as adopted by Wellington City Council) are incorporated as part of design and engagement processes for all buildings and spaces within the precinct.

Objective 2: Te Ngākau is a place that respects and incorporates experiences of architecture, design and heritage balanced with ensuring its functional role for the city

Te Ngākau is a heritage area but it also plays an important role as a living civic place and resilience anchor. To continue to play its role in supporting the civic functions of the city it needs to be able to evolve to ensure that buildings and spaces remain resilient and continue to be useable over time. There needs to be an acknowledgement that change must be allowed for alongside respecting and enhancing heritage.

By allowing change and new development within the precinct there is potential to embed a new phase of our heritage and showcase the architecture of Aotearoa New Zealand's capital city on the global stage. The significance of this precinct warrants a careful and considered design and procurement process that ensures high quality design in both architecture and building performance.

- 2.1 The design and procurement process should incorporate steps to ensure building and public space design achieves a high standard in both architecture design and building performance.
- 2.2 A Conservation Plan should be prepared for the precinct to guide how change can occur in line with this Framework whilst also retaining the sense of scale and configuration that is associated with the Civic Centre Heritage Area listing.
- 2.3 New or modified buildings and spaces should contribute to the heritage qualities of the precinct and include design elements which reflect the history of

Wellington and the origins of the place. New buildings and structures should not compromise the value of adjacent listed heritage items through dominating bulk and form or through reduction in visual connection from surrounding public spaces.

2.4 Removal of non-heritage listed buildings including contributory buildings can be considered where the outcome or replacement building will result in overall improvements to the function of the precinct and meets the objectives of this framework

Objective 3: Te Ngākau is a place that is vibrant, welcoming and supports a range of uses to locate alongside its core civic role

Increasing the activity and vibrancy of the Te Ngākau Civic Precinct will be achieved by encouraging more people to move through the precinct and visit it as a destination to work, live or play. This will be achieved by supporting the relocation of Council's main premises back into the precinct alongside a greater range of uses and improving overall access and connectivity. Introducing residential development at upper levels would mean people could be living within the precinct, present day and night, opening up the night-time economy and improving safety of the space.

Policies

- 3.1 Buildings and spaces are designed to be universally accessible and allow for and encourage public access to the civic functions located in the precinct.
- 3.2 Open spaces are designed to be universally accessible, adaptable and support a diverse range of uses for all ages, including short- and long-term events, both small and large scale, night or day. This includes the provision of digital infrastructure to support these uses.
- 3.3 Building entrances and pedestrian entrances to the precinct are accessible, open, attractive and well positioned.
- 3.4 A portion of each building is to have an active edge addressing both the internal precinct area and outward to the surrounding streets. Note: Active edge takes the WCC District Plan definition (Central Area Design Guide G4.3)
- 3.5 Buildings are to be adaptable spaces, able to provide a range of unit sizes and scales, to allow for some commercial activities including retail and hospitality to locate within the precinct at the ground floor.
- 3.6 Consideration should be given to providing some flexible community spaces, suitable for a range of community uses, as part of building redesign
- 3.7 Allowance for residential and commercial development in the upper levels of buildings within the precinct to encourage people using the precinct both day and night
- 3.8 The design of all buildings and structures must maintain sunlight access to and prevent shading of Civic Square between the hours of 12pm and 2pm throughout the year.
- 3.9 An increase in height above 27m can be considered along the southern edge of the precinct, provided the requirements for sunlight access and the heritage outlined in Objective 2 of this framework can be achieved

Objective 4: Te Ngākau is a place that integrates with the city and the waterfront

The Te Ngākau Civic precinct holds a strategic position in Wellington City, being a civic space located at the juncture of the Lambton Quay grid, the Te Aro grid and the waterfront. A point where the city transitions from the core of the central business district to the wider city area. To enable the precinct to play its role as the heart of our city it needs to better integrate with these spaces and allow for the ease of movement between them for people of all ages and stages. Integration will be achieved by improvements to access into the precinct and long-term upgrades to the surrounding area to reinforce the precincts role as a people centred place. Improvements to access across the precinct should incorporate a universal design approach to accessibility to ensure safe and comfortable access for all people.

Policies

- 4.1 Multiple connections are to be created for people to move from the precinct to the waterfront which are logical, safe and enjoyable.
- 4.2 Improved pedestrian connections through all sides of the precinct are made, including from Harris Street, to ensure there are logical connections between the precinct and the surrounding city.
- 4.3 Key pedestrian connections and space between structures should double as viewshafts from the city and precinct to the waterfront and to key buildings and structures.
- 4.4 Surrounding streets are to be attractive, people focused, green, safe and legible. Design of these streets is to be guided by their role identified in the Framework Concept.
- 4.5 Building entrances are to provide a logical and level connection with the surrounding streets and open spaces within the precinct to support easy wayfinding.
- 4.6 Open space should be designed with reference to how it contributes and links to the inner-city network of open space, supporting the needs of both inner-city residents and visitors

Objective 5: Te Ngākau is safe, inclusive, comfortable and green

The Te Ngākau Civic precinct is an important space for the city, its visitors, and its residents. It has multiple roles including providing a place to hold community events, a recreation space for inner city workers, supporting commercial activity and supporting the needs of the increasing number of inner-city residents, including families. A balance is to be achieved to meet the needs of these different user groups. It needs to be an inclusive space that is open and safe for all. Where people feel welcome but also have space to carry out their activities.

To meet these differing needs an overall increase in the quality of the public spaces is required in a way that is guided by meeting the objectives and policies of the framework. This includes providing a mix of green open space, trees, vegetation and hard landscaped areas with a focus on increasing greening and an overall improvement to the way people can move through and enjoy spaces.

Policies

- 5.1 An increase in the quantum of green space in the precinct is to be achieved through site re-design. This should include provision of high-quality landscaping, greening of existing public spaces and creation of new usable green open space areas.
- 5.2 The amount of green space will be increased, located and sized to ensure safety, usability, and shelter.
- 5.3 Plant selection and landscape design should give preference to species native to the Wellington region and consideration of our climatic conditions. Planting and landscape design should encourage shade and shelter and support wayfinding in the precinct.
- 5.4 The positioning and form of buildings and structures is to ensure a high degree of sunlight access is achieved within the precinct throughout the day.
- 5.5 The design of public spaces should allow for some temporary 'spill out' of use for commercial activity at the ground floor where appropriate. Landscaping should be used to define the spill out areas and areas where public access is to be prioritised.
- 5.6 The design is to ensure the safety of all users through the creation of fully accessible, open, well-lit and visible spaces which allow for passive surveillance.
- 5.7 Safety and accessibility is to be supported through appropriate design of pick up and drop off areas, inclusive design of all footpaths and spaces and clear wayfinding.
- 5.8 Provision of adequate public amenities including public toilets, drinking fountains, adequate lighting and seating.

Objective 6: Te Ngākau is a place that is resilient, sustainable, and enduring

The strategic role of the precinct as the beating heart of the city means it must be a resilient anchor for the city and Council, where the community can gather safely at all times and, in the event of a major earthquake and/or Tsunami, it must be able to remain operational both during and after the event occurs. This means a high degree of resilience must be designed into each of the precinct's buildings, structures and public spaces which must also be designed to live with more water in the future over time.

Its location within close proximity to the harbour means sea level rise and resilience are key issues to be considered as part of every aspect of its redevelopment. This should be addressed across the precinct as a whole and also as part of each development. Consideration must also be given to the interdependencies of the wider infrastructure which supports the resilience of the precinct, including the sea wall, the Whairepo Lagoon, the harbour and the wider stormwater network. The change that this area will go through presents an opportunity to not only improve the quality and function of stormwater in this area of the city but also be a demonstration of high-quality sustainable buildings.

Policies

- 6.1 All new precinct buildings and refits of existing buildings should be designed, constructed and operated in ways that reduce or remove negative impacts on the environment and people using it. This includes striving for low-carbon buildings using the relevant national standards (for example Green Star, or NABERS-the National Australian Built Environment Rating System which deals with energy efficiency) and more locally, aligning with the direction of Te Atakura First to Zero.
- 6.2 Each development site or project must address stormwater to ensure sustainable stormwater management across the precinct. Consideration should be given to the energy neutrality of the precinct's stormwater system i.e. whether it requires power and pump stations to manage stormwater. Consideration should also be given to the role of surrounding streets in managing stormwater as well as impacts of stormwater management on the Whairepo lagoon and the wider harbour.
- 6.3 Te Ngākau Civic Square faces significant challenges due to climate change so the design of each new or changed building must meet current Ministry for the Environment guidance to local authorities on planning for sea level rise as a minimum. Future advice from the Ministry will inform future planning for the area over the long term.
- 6.4 The design of buildings and public spaces supports access to safe emergency evacuation areas. This could include provision for evacuation to a public space from a building, vertical evacuation to upper floors of a building and safe evacuation from the precinct to higher ground.
- 6.5 All buildings and structures are to be designed to achieve high performance in seismic resilience
- 6.6 Building services are resilient, carbon neutral and managed separately across the precinct.

Objective 7: Te Ngākau is easily and safely accessible and integrated with the wider transport network

The precinct plays an important civic and cultural role for the city and should be universally accessible. This means safe and direct pedestrian connections suitable for all people and integration with the wider transport network to enable easy linkages with public transport and cycling. Vehicle connections to the precinct are also important, and should support access to the precinct for those who cannot use other modes and to enable ease of servicing the buildings and activities.

- 7.1 The movement of people through the precinct should facilitate direct connections with surrounding public transport networks.
- 7.2 Car parking is provided to support those who cannot access the precinct by other modes.
- 7.3 Servicing of building activities, including provision of underground carparks, must be addressed through the design of service entrances and areas and should not detract from the safe movement of pedestrians into and throughout the precinct. Consideration should be given to reducing the number of car park entrances across the precinct.

11. Consistent decision making

Identified throughout this framework are the range of interdependencies between the buildings, public space, infrastructure and activities within the precinct. Consideration of how individual decisions on components impact the broader vision for the area is critical in being able to ensure that momentum builds towards delivering the outcomes intended and that progress is made.

Mana whenua as kaitiaki

Te Ngākau is an important place for mana whenua and as such they should be empowered to express their tikanga and fulfill their role as kaitiaki (guardians) of the area. Cultural values and interests of mana whenua should be integrated within the precinct, and mana whenua should remain a critical partner to the precinct.

Partnerships

Te Ngākau Civic Precinct requires significant investment to achieve the vision as set out. There are a range of Council and community assets that require seismic strengthening and some areas that have been identified for transformation through the development of a mix of buildings and new open space. The vision cannot be delivered solely by Council, a partnership approach must be taken to develop the precinct efficiently and to a high standard. Commercial partnerships in some areas of change should be utilised to offset the considerable investment Council will be required to make into its own assets.

Establishing enduring governance

Transformation of the type and scale proposed will naturally occur over a longer duration, with individual projects being delivered throughout. Establishing a governance model that is enduring and ensures the application of the framework is consistent will be critical to its success.

Appendix one - key stakeholders

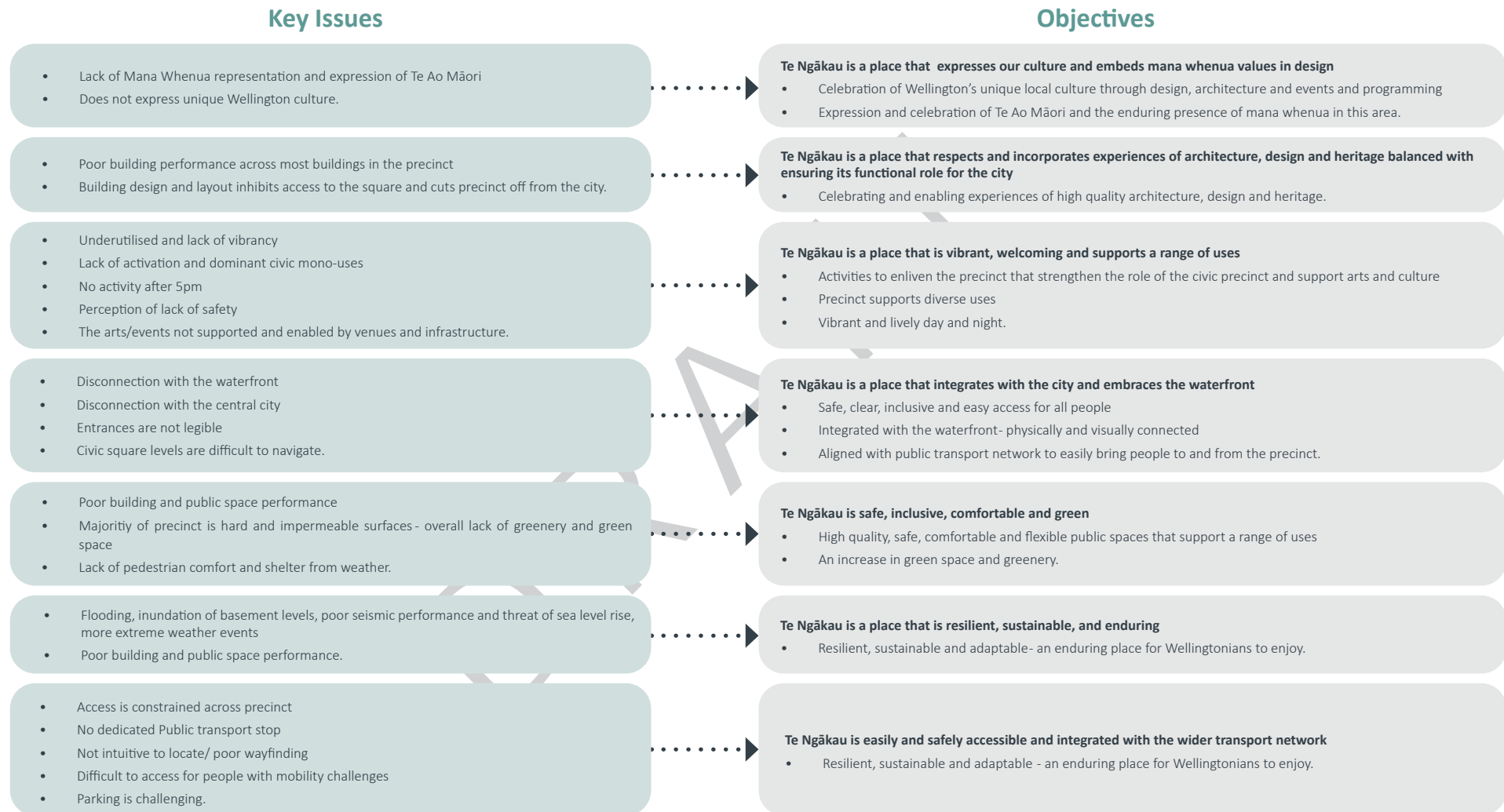
Mana whenua are Council's partner in shaping the future of Te Ngākau Civic Precinct through this framework.

As part of the process of developing this framework, Council also worked with the following key stakeholders who have interests, responsibility or knowledge of the precinct. Each of the following stakeholders were interviewed to understand what the constraints were from their unique perspectives:

- Inner City Wellington
- Council staff and advisors with responsibilities relating to the precinct such as future libraries, property, arts and resilience
- Wellington NZ
- Experience Wellington
- New Zealand Symphony Orchestra and Te Herenga Waka, Victoria University Wellington
- Waterfront Technical Advisory Group (TAG).

Issues identified by the stakeholders are set out on the following page.

Issues identified by stakeholders and their connection to the objectives of the framework:



UKF



SUPPORT RESPONSE TO COVID ALERT LEVEL 3 & 4

Purpose

1. This report asks the Te Kaunihera o Pōneke | Council to support some of Council's business partners as a result of the impact of the Covid-19 alert level 3 and 4 restrictions to operate.

Summary

2. Wellington was in Covid-19 Alert level 4 for 14 days in August 2021 and the Alert level 3 for seven days in September 2021 and remains at Alert level 2 currently.
3. A number of requests have been received from support for council's commercial leaseholders and partners requesting support due to financial stress caused by their limited or inability to operate at Alert levels 4 /or 3
4. An assessment has been done on the requests and recommendations have been proposed to offer some support due to the difficulties caused by the Covid-19 Alert levels.

Recommendation/s

That the Te Kaunihera o Pōneke | Council:

1. Receive the information.
2. Note that the recent Covid-19 Alert level 3 and 4 restrictions have had a material impact on some businesses (that rent or lease property from Council) and Council has received a number of requests for financial support
3. Note that these restrictions have also had a material impact on Council's Finances and the forecast direct operating Financial impact to Council of \$7.1m was presented to the Finance and Performance Committee on the 16th August 2021
4. Note that no expenditure, or revenue loss, or financial support for 3rd parties has been budgeted for the recent Covid restrictions in the 2021/22 budget.
5. Note that the unspent \$2m of the \$5m 2020/21 CCO support package, was re-budgeted for 2021/22 in the Long-term Plan, in case it is required as a result of on-going impacts.
6. Agree the guidelines for support as proposed in clause 21. for Council's commercial leaseholders/tenants/licence holders that operate in the hospitality and retail sectors, sporting and community groups and arts organisations which is forecast to impact the operating result by approximately \$230k in total
7. Agree to delegate to the chief executive to process applications for support to refund or not charge applicable rents, lease payments or licences to occupy land, based on the guidelines in clause 21.

8. Note that no requests for supporting CCO's have been received, however there is some financial risk to some CCO's that may need to be addressed if or when it eventuates
9. Agree to debt fund the financial impacts of Covid-19 Alert level 3 & 4 in August and September 2021, which are expected to be approximately \$7.1m
10. Agree to debt fund the operating impacts of Covid-19 related financial support, where they are not mitigated by better than budget operational financial performance. If it is unmitigated, this impact is expected to be \$230k
11. Agree to include the repayment of any residual Covid-19 related debt in 9. above into the 2022/23 Annual plan to be repaid over 15 years. This is forecast (if unmitigated) at \$7.33m over 15 years equates to \$2.1m per annum, or an uplift of 0.5% in the 2022/23 rates increase.

Background

5. Wellington was in Covid-19 Alert level 4 for 14 days in August 2021 and the Alert level 3 for 7 days in September 2021
6. All non-essential businesses are closed during alert level 4, and many are closed during alert level 3.
7. The Government has a range of support options for businesses to assist with the impacts of Covid-19 alert levels (AL) 2 and higher. These include:
 - Wage subsidy (AL 3&4) where a 40% drop in revenue is expected, at \$600 per week per full time employee, \$359 per week for part time employees
 - Resurgence payment (AL 2-4) for expected 30% drop in revenue or capital raising ability over a week, at \$1,500 per business + \$400 per employee up to \$21.5k. This was not available in 2020.
 - Small business cashflow loan scheme
 - Leave support – for self isolating employees at \$600 per FTE, \$359 part time employees
 - Short term absence support – for employees waiting for results of a covid test at \$359 per employee
8. While the Government package makes a significant difference, it often does not cover all a businesses fixed costs
9. During the 2020 'lockdown', New Zealand spent 6.7 weeks at alert levels 3 & 4.
10. The Council adopted a 'Pandemic Response Plan' on the 9th April 2020 which included a city recovery response.
11. The plan impacted the Council's finances and the support offered was built into the 2020/21 budget. This heavily relied on \$38m of debt funding the 'loss' of 2021/22 non rates revenue and funding operating expenditure, resulting in an unbalanced budget that was inconsistent with the revenue and financing policy.
12. The budget also provided a 'backstop' \$5m for revenue impacts to Council Controlled Organisations, and provided for \$2.1m of loan funding to the Wellington Regional

Stadium Trust. It also repurposed unrequired budget in light of the restrictions to assist with the city's economic, cultural and recreational recovery.

13. The budget also included a requirement of \$7.4m of unidentified cost savings
14. The Pandemic Response Plan included support by way of:
 - Rent relief
 - Parking fees
 - Food and Liquor licence fees
 - Community Sector support and grants
 - Rate payment timing

Discussion

15. The 2021 alert level restrictions (3 & 4) have been significantly shorter (21 days) compared to the 2020 (AL 3/4) restrictions (47 days)
16. This has resulted in a lower direct impact on businesses in 2021 however some businesses will have a cumulative impact
17. A number of businesses that are commercial leaseholders on Council property have requested support from Council due to the recent restrictions.
18. These can broadly be classified as:
 - Commercial /retail
 - Commercial /Ground lease
 - Community sites / Creches
19. Very few (2) requests have come through from ratepayers
20. The context in 2021 for offering financial support is different to 2020, including:
 - faster and more extensive government support package
 - shorter restriction on trade being only 21 days at alert level 3 &4
 - The existing impact of debt from the 2020 'lockdown' being repaid through rates over 15 years (over \$38m)
 - The financial impact of the 2021 lockdown on Council's finances – forecast at \$7.1m
 - There remains significant risk of further outbreaks of the delta or other mutated strains of covid-19 causing further impact on Council's finances.
 - The impact of any extra unbudgeted financial support offered from the Council

Commercial Leaseholders, Tenants and Licence holders

21. Officer advice is to provide some support to Council's commercial leaseholders (where they are passed on to tenants), tenants and licence holders that operate in the hospitality and retail sectors, sporting and community groups and arts organisations based on the following guidelines:
 - Support commercial leaseholders/tenants/licence holders (e.g. footpath/outdoor)
 - Support (100% rent relief) for alert level 4 based on applications confirming their inability to operate

- Support (100% rent relief) for alert level 3 based on applications confirming their inability to operate
- Support (100% rent relief) for alert level 2 where there is no ability to operate as it is within a Council facility that is closed (estimated \$10k for 1 month)
- Support (50% rent relief) for alert level 2 for 4 weeks for hospitality businesses only (cafes, restaurants, bars), where the business is limited from fully operating due to covid alert level 2 restrictions e.g. social distancing or from the maximum number of people allowed in a venue (estimated total cost of \$26k for 1 month)
- Seasonal sports fees – refund (pro rata) after 4 weeks of interruption
- No support for recreation leases, storage costs, office space or marina berths, essential businesses, government entities/departments or utility companies

22. Support would be based on application and assessment against the guidelines
23. This support at level 2 is expected to be limited to a much smaller group, however officers have viewed this support being important to maintain financial viability of tenants and leaseholders to ensure they can meet these obligations into the future when business restrictions hopefully reduce.
24. The level of support expected for those that qualify would be around \$190k for the 3 weeks of AL 3 & 4, and approximately \$36k for a further month at alert level 2.

CCOs

25. Officers recommend dealing with any CCO financial impact if or when required
26. At the time of writing, no requests for funding support have been received.
27. Zealandia and the Zoo have seasonally low forecast visitor numbers during winter and this has mitigated the impact on their revenue.
28. The Basin Reserve is predominantly a summer venue and therefore there has not been a material impact at this stage
29. Wellington NZ has not been significantly impacted, with the exception of the Venues Wellington business.
30. Venues Wellington significant drop in revenue is mitigated by better than budgeted performance leading up to the Covid -19 'lockdown'. This business can really only operate in alert level 1, due to restricted number of persons at events at alert level 2. The current forecast loss is \$1.6m – mainly due to venue closure for earthquake strengthening. There is some risk this forecast loss could increase if alert level 2 carries on for an extended period.
31. Experience Wellington and the Cable Car are both forecasting a loss in their SOI for 2021/22 which combined are covered by the \$2m re-budgeted for the 2020 Covid loss 'backstop'. There is risk that these forecast losses exceed the \$2m provision.
32. Sky Stadium can only operate at alert level one and relies largely on international content. There is a risk further support measures may be requested until borders open.

Ratepayers

33. There has been a very low level of enquiry by ratepayers for financial support from the recent alert levels beyond the initial deferral of the rates instalment one due date by one month to 1 October 2021.
34. There was also a low take up of support offered in 2020, around 2-3% deferral of a single rates instalment.
35. Officers recommend that due to the above factors, that support to ratepayers continues under business-as-usual operations, where the Chief Financial Officer is delegated to set up rates payment plans on a case-by-case basis. This can involve delaying due date penalties.

Options

36. Options that differ from the recommendations include
 - Offer no Financial support to any of the requesting parties
 - Offer full financial support to Council's business partners during Covid-19 alert levels
 - Change the guidelines in clause 21 to assess applications against

Next Actions

37. Upon acceptance of the recommendations, the relevant business units will process applications for financial support of the Council's commercial business partners
38. Reporting back to the Finance and Performance committee and Council will occur through the quarterly and Annual reporting process

Attachments

Nil

Author	Martin Read, Manager Financial Strategy & Treasury
Authoriser	Sara Hay, Chief Financial Officer

SUPPORTING INFORMATION

Engagement and Consultation

N/A

Treaty of Waitangi considerations

N/A

Financial implications

The Financial implications are stated in the paper, mainly consisting of \$230k of financial support to the council's commercial leaseholders, tenants and licence holders. This being proposed to be debt funded and repaid over 15 years.

Policy and legislative implications

The forecast \$230k support is not budgeted and therefore requires Council delegated approval

Risks / legal

Risks that further support is requested to assist Council Controlled Organisations if Covid-19 restrictions further impact their business, or that of leaseholders, tenants and/or ratepayers.

Climate Change impact and considerations

N/A

Communications Plan

N/A

Health and Safety Impact considered

N/A

MICHAEL FOWLER CENTRE CARPARK LONG TERM GROUND LEASE

Purpose

1. This report asks the Te Kaunihera o Pōneke | Council to enter into a development agreement and 175-year registered and pre-paid ground lease over part of the Michael Fowler Centre (**MFC**) Carpark site. The proposed agreement and lease are with a Willis Bond and Company Limited entity (**Willis Bond**). The principal terms and conditions proposed for this transaction are detailed in the separate public excluded Attachment 1a-c.

Summary

2. The MFC car park is situated in a strategic location for the city as a key connector site from the Cuba precinct through Opera House Lane to the waterfront and into Te Ngākau Civic Square
3. In the 2015-2025 Long Term Plan (**LTP**), Council approved the disposal of the MFC Carpark for development by way of a long-term, registered and pre-paid ground lease, subject to future Council approval.
4. In 2016 a competitive two stage public procurement process was undertaken. Willis Bond was selected as the preferred development partner at the end of this process on the basis of:
 - a. its response to the design brief; and
 - b. the financial outcomes associated with its proposal.
5. Officers then commenced negotiations with Willis Bond to agree the non-legally binding terms of the development agreement and lease.
6. After the November 2016 Kaikoura Earthquake the negotiations were put on hold so the Council could review damage to its assets.
7. In late 2017, the Royal New Zealand Ballet (RNZB) was temporarily relocated to the MFC Carpark so the St James Theatre could be strengthened.
8. With the approaching completion of the St James Theatre, Council via the 2021 – 31 LTP, directed officers to continue the disposal process of the MFC Carpark as confirmed in the 2015-25 LTP.
9. Non-legally binding 'Heads of Terms' between the Council and Willis Bond have been agreed. The terms provide for the parties to enter into a development agreement through which Willis Bond enters into a registered 175-year pre-paid ground lease in exchange for a cash payment and includes the provision of public accessways through the leased area and a package of works to be completed on behalf of Council.
10. The total value of the overall package Council will receive, represents fair and reasonable market value based on agreement by two independent property valuers – JLL and Colliers International.
11. The proposed development comprises an approximately 15,000 sqm (gross floor area), eight level, base isolated building, with a sustainable design to a minimum 5 Greenstar

rating or equivalent. It will provide an integrated, accessible, commercial space at ground level, as well as landscaped public areas and throughfares through the site that create pedestrian connections between the waterfront and lower Cuba Street.

12. A final decision on the future of the temporary RNZB Building has not been made, however its current resource consent requires the building to be removed by the earlier of 31 March 2023 or 6 months after RNZB leave the building. Options are being considered to ensure the building is reused or relocated sustainably.

Recommendation/s

That the Te Kaunihera o Pōneke | Council:

1. Receive the information.
2. Agree to enter into a development agreement and a 175-year registered and pre-paid ground lease over part of the MFC Carpark site, with Willis Bond, noting that the principal terms and conditions proposed are summarised in a separate public excluded Attachment 1a.
3. Agree to delegate to the Chief Executive to conclude negotiations and agree terms which, when viewed as a whole, are no less favourable to Council than those detailed in Attachment 1a.
4. Note that the resource consent will lapse for the temporary building located on the MFC Carpark once the RNZB return to the St James Theatre and it will need to be removed which is the responsibility of Council. The site will revert to its previous use as a carpark until it is developed.

Background

2015-25 Long-Term Plan

13. In the 2015-2025 Long Term Plan (LTP), the Council considered the following options for MFC Carpark:
 - a. Retain site as a carpark.
 - b. Council develop the site commercially.
 - c. Develop the site through the sale of a long-term ground lease.
14. The preferred option was selected to develop the site via a long-term registered and pre-paid ground lease to:
 - Off-set seismic upgrade costs anticipated for the Wellington Townhall; and
 - Contribute to the revitalisation of Te Ngākau.
15. The decision to sell a long-term ground lease was made subject to final Council approval.

The 2016 Public Procurement Process

16. In response to the 2015 – 25 LTP decision, a competitive two stage public procurement process commenced with the following objectives:

- a. Delivery of a high-quality development with character and identity that displays design excellence and enhances the strategic location of the site.
 - b. Compliance with the Michael Fowler Centre Car Park Design Brief (**MFC Design Brief**) and the principles of the Draft Civic Heart Framework (now succeeded by the Te Ngākau Framework).
 - c. Provision of civic amenity and public benefit.
 - d. An acceptable commercial outcome for any successful developer and Council.
17. Specifically, the MFC Design Brief required a development to meet the following key design principles:
- a. **Connections** to link the waterfront, Te Ngākau and Cuba Street.
 - b. **Open space and amenity** including retaining the Pohutukawa trees, providing shelter and public open space.
 - c. **Building heights** required to reflect the relationship with surrounding buildings.
 - d. **Plan alignments** requiring appropriate building setbacks and architectural treatments to ensure site lines, key frontages and connections are maintained or enhanced.
18. In early 2016, Stage 1 sought Initial Expressions of Interest, of which six responses were received. Stage 2 commenced in mid-2016 when Council issued Requests for Outline Proposals and Non-Binding Proposal and two responses were received from the Stage 1 respondents.
19. The proposals were evaluated based on their response to the Design Brief and the financial benefit to Council. Willis Bond was selected based on a superior design response and a higher financial benefit to Council.
20. After the November 2016 Kaikoura Earthquake the negotiations were paused by Council so it could review its Te Ngākau Civic Precinct assets to understand if there was any significant damage. In addition, it also wanted to understand if the earthquake had changed its accommodation requirements.
21. In late 2017, a decision was made to construct the temporary RNZB building on-site suspending the disposal of MFC Carpark until the RNZB move back to the St James Theatre which is now anticipated to be in 2022.

2021 Negotiations

22. The 2021 – 31 LTP document confirmed that Council would continue to progress plans for the development of the MFC Carpark via a long-term lease and in partnership with a development partner. The revenue from the sale of the lease has been included as a funding source toward Te Ngākau regeneration.
23. Willis Bond presented an updated offer in early 2021. To support an impartial negotiation process, independent valuers representing each party were appointed to assess the revised market value for the site, in response to the changes in the market since Willis Bond's initial proposal, a joint recommendation was made by the valuers which forms the basis of the total consideration detailed in Attachment 1a. The valuers confirm that the joint recommendation represents fair and reasonable market value.

The Te Ngākau Civic Precinct Framework

24. The draft Te Ngākau Civic Framework was approved by Council 8 April 2021 subject to public consultation. The final decision to adopt the framework will be made on 30 September 2021.

Discussion

The development

25. Willis Bond has committed to a high-quality development that was deemed to best meet the Design Brief issued by Council as part of the original tender process (Proposed Concept Designs are included in Attachment 2). Notably the development comprises:
- A mixed-use development of approximately 15,000 sqm (gross floor area).
 - A minimum 5-star Greenstar (or equivalent) rated, base isolated building raised to mitigate the effects of sea-level rise/inundation.
 - Public spaces and interactions at ground level (Highlighted Pink in **Attachment 1c.**).
 - Strong linkages between the waterfront, Te Ngākau and Lower Cuba Street.
 - Design and hospitality retail - a collection of retail and/or hospitality operations at lower levels.
26. The final use will be at the developer's discretion but may comprise residential apartments and/or commercial office premises and/or hotel or serviced apartments. No carparking is currently proposed, however Willis Bond may choose to include carparking if necessary and as appropriate to the future use. Willis Bond may also alter or change the location, height (to be determined during the resource consent but controlled by Councils existing planning controls), or design of each part of the development provided that the quality, essence, and scope of the development remains materially consistent with that shown in the proposal and as described by the Te Ngākau Civic Precinct Framework.
27. In considering future use of Council owned land, officers will always bring Council and city priorities to the table in negotiations. Housing supply is an urgent priority, and this has been communicated to Willis Bond who have informed us that they are considering including residential in the mix of uses. This is despite the shape of the site and planning settings in this part of the city making residential development more difficult in terms of financial viability.
28. The Council will retain the benefit of public accessways through the site at ground level creating a seamless interface between the building and the new surrounding public spaces. This would be in a similar manner to other buildings recently developed on the waterfront, including 'Site 10' - the PWC building.
29. The final scope of the landscaping works is still to be confirmed and will be subject to the consenting process, but Council officers will work with the developer to ensure the outcomes envisaged within the Te Ngākau Civic Precinct and the MFC Carpark Design Brief are achieved and integrated.
30. The development is unlikely to be impacted by LGWM but if an issue were to arise the developer and the programme would work collaboratively to come to a resolution.

Alignment with the Te Ngākau Framework

31. The draft framework identifies MFC Carpark as an “area of change” and anticipates development in the future. The proposal addresses the key themes outlined within the framework including:
- Pedestrian connections
 - Integration between City and Waterfront
 - Open / Public Spaces
 - Accessibility
 - Activation of building edges
 - Activation of surrounding streets
 - Safety through occupation
 - Resilience – Climate Change/Seismic
32. The framework also seeks to increase the activity and vibrancy of the Te Ngākau Civic Precinct by encouraging more people to move through the precinct and visit it as a destination to work, live or play. This will be achieved by supporting the relocation of Council’s main premises back into the precinct alongside a greater range of uses and improving overall access and connectivity.

The proposed terms

33. The proposed Heads of Terms are summarised in Attachment 1a.

Freehold versus Leasehold

34. In ‘selling’ a long-term ground lease, Council will relinquish most of the rights associated with owning freehold property to the Leaseholder for a finite period. (e.g. to develop, use and benefit from the land in any manner permitted by the terms of the lease e.g. commercial and/or residential purposes and/or temporarily operating the site as a carpark)
35. In addition, while Council will ultimately still be the owner of the land, most of the risks and liabilities of owning the land are also transferred to the Leaseholder (e.g. insurance obligations, risks associated with damage/destruction events).
36. Council has historically only ‘sold’ long-term ground leases rather than the freehold interest in the land on the basis that once the land is sold, Council no longer has any control over the site in future which is important to WCC as an intergenerational stakeholder tasked with ensuring the long-term prosperity of the City.

Lease term and resilience

37. Willis Bond has requested a longer 175-year ground lease period compared to the 125-year term initially proposed in 2016. 125-years has most recently been the length of term offered by the Council for Site 9 and 10 and Clyde Quay Wharf. However longer pre-paid ground leases are not uncommon.
38. A 250-year term was agreed for Chews Lane in the mid-late 2000s to facilitate the regeneration of the Chews Lane precinct while more historically Council committed to a 199-year lease for Shed 22 (Macs Building) and a 999-year term for Queens Wharf.

39. Willis Bond have requested a longer ground lease term to reciprocate their investment in resilience and sustainable features including base isolated foundations, a raised ground floor and minimum 5-star Greenstar (or equivalent) sustainable design which will result in a building that is expected to last longer.
40. The Council (as regulator) cannot require developers to build to a higher standard than the building code. However, by entering into partnerships we have an opportunity to show leadership and positively influence the development market to achieve higher standards. This demonstrates to the wider development community the direction we need to be heading in as a city to support emission reductions and improve the health and efficiency of buildings.
41. This project has the potential to deliver on several positive outcomes aligned with international best practice, including:
 - Reducing the environmental impacts of the building sector.
 - Improving the performance and reducing whole-of-life costs of the building; and
 - Creating adaptable buildings that are more resilient to climate change and natural hazards.

Mana Whenua

42. Mana Whenua and Willis Bond have a strong relationship as a result of working together on multiple projects. Given this, Willis Bond has directly engaged Mana Whenua and confirmed that, based on initial discussions, the design was well received. Willis Bond is now awaiting formal confirmation of support. Willis Bond has committed to ongoing consultation with Mana Whenua throughout the design process under this proposal.
43. Mana Whenua were directly involved in the development of the draft Te Ngākau Civic Precinct framework. Any development will need to be consistent with the Te Ngākau Civic Precinct Framework, ensuring appropriate *tikanga* are reflected in the design and use of the building.

Temporary Royal New Zealand Ballet Building

44. In late 2017, a Council decision was made to house the RNZB within a pop-up prefabricated rehearsal studio on the site while the St James Theatre seismic strengthening work is being carried out.
45. The Council has a second and final temporary resource consent for the rehearsal studio which allows it to remain on site until either 31 March 2023 or six months after the RNZB have vacated the building, whichever occurs first. After this date, Council must remove the improvements. Willis Bond need to take over the site by 1 September 2022 (or earlier) to ensure they can meet the timeframes of potential building tenants. Council will work with all parties to accommodate this timeframe – noting that if the building is not removed by September 2022, the development may no longer be feasible for Willis Bond and any development agreement with Willis Bond terminated.
46. There has not been a final decision on the future of the temporary RNZB building, however all efforts will be made to ensure the building is reused or relocated sustainably. The building could be sold, or component parts can be reused. Both

options would need to be financed by other parties as there is no budget allocated for this by Council.

47. Upon removal, the site will return to its previous use as a carpark until the registered lease is granted to Willis Bond and Willis Bond takes control of the site.

What are the benefits of proceeding?

48. Proceeding with this project is anticipated to bring the following benefits:
- a) Opportunity to “kickstart” the regeneration of Te Ngākau Civic Precinct via partnerships.
 - b) Development of a high-quality resilient building on a prime, but currently under-utilised, site.
 - c) New linkages and public spaces that will enhance connectivity between the waterfront, Te Ngākau Civic Precinct, and lower Cuba Street.
 - d) Council will receive revenue which will contribute to funding the wider regeneration of Te Ngākau Civic Precinct.
 - e) The proposed new building will provide approximately \$2.2M of rates per annum revenue for the city.
 - f) Capped cost liability for those landscaping works on the public land surrounding the building which Council will need to carry out (excluding land at the interface with MFC – Highlighted Blue in Attachment 1c.).
 - g) Increased economic activity and confidence in the City provided by a build project in excess of \$100M.

Options

49. Council could:
- As recommended, agree to lease the land to Willis Bond and for officers to finalise the negotiations of the principal commercial and legal terms.
 - Landbank the site and lease later, noting that any future decisions to lease will likely result in a similar disposal process being required.
 - Not proceed in which case:
 - a. the current opportunity to activate an underutilised site in the Te Ngākau Precinct will be lost, including the construction of the proposed building and landscaping of the area and public spaces (e.g., piazza, parks etc.); and
 - b. loss in revenue to Council to fund the regeneration of Te Ngākau Civic Precinct.
50. As the resource consent will lapse for the temporary building once RNZB return to the St James Theatre, the site will likely return to its use as a carpark until it is developed.

Next Actions

51. Officers will, subject to agreement by the Council, arrange to complete negotiations and agree the terms of the Development Agreement and Lease between WCC and Willis Bond.
52. Officers will then proceed to do all things required to make a leasehold title available for the site. Following confirmation of the development agreement as unconditional

and payment of the deposit by Willis Bond, WCC will grant a registered lease over the site to Willis Bond.

Attachments

- Attachment 1. Principal Terms and Conditions - **Confidential** [↓](#)  Page 114
Attachment 2. Proposed Concept Designs [↓](#)  Page 118

Author	David Cook, Strategic Advisor Property
Authoriser	Liam Hodgetts, Chief Planning Officer

SUPPORTING INFORMATION

Engagement and Consultation

Consultation has occurred as part of both the 2015-25 and 2021-31 Long Term Plans.

Treaty of Waitangi considerations

Local Iwi have, and will continue, to be consulted on non-commercial aspects of the proposal. See Mana Whenua section of this paper for further information

Financial implications

The financial implications are summarised in Attachment 1b.

Policy and legislative implications

Local Government Act 2002 responsibilities have been addressed through Long Term Plan processes.

Design of the development will meet the principles in the proposed Te Ngākau Civic Square Framework and a Heritage Plan (which is being drafted) to ensure it integrates and adds to the surrounding area.

Risks / legal

Public benefit will be derived from the development which is undertaken at the developer's risk. All other legal risks will be assessed and managed through use of the Council's Legal team.

Climate Change impact and considerations

The design incorporates aspects of Council's Te Atakura Strategy, enabling more sustainable and resilient use of the site.

Communications Plan

A communication plan to announce the development and a high-level approach to keep key stakeholders and public informed of the project's progress. This will begin with a media release that will go out when the Council paper is published and shared through the Council's wider social media and newsletter channels. If the Council agrees to progress the development partnership, a web page aligned with the wider Te Ngākau Civic Precinct programme, will be published which will the high-level details and timeframes for the project. We will then work with the development partner to agree an ongoing schedule of communications which will aim to provide a quarterly update.

Health and Safety Impact considered

Health and safety implications associated with the recommendations are considered to be minimal, and any site-specific health and safety aspects during the development will be managed by Willis Bond.

Attachment 2. Proposed Concept Designs



01 Developed Baseline - Westfront



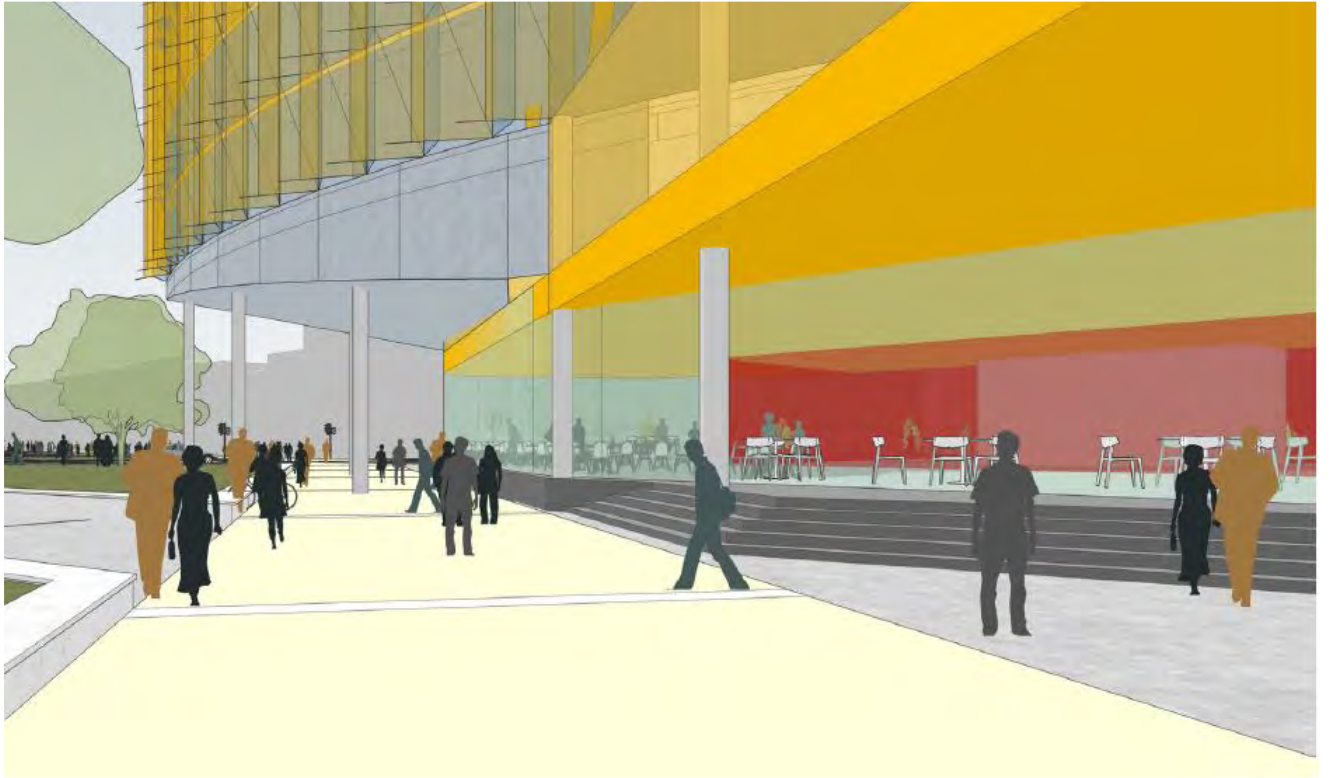
02 Developed Baseline - Cuba Street



Plan Diagram



03 Developed Baseline - Terrace Street



MFC Piazza



Cuba-Waterfront Link



Waimapihi Stream corner park

FORWARD PROGRAMME

Purpose

1. This report provides the Forward Programme for the Te Kaunihera o Pōneke | Council for the next two meetings.

Summary

2. The Forward Programme sets out the reports planned for Te Kaunihera o Pōneke | Council in the next two meetings that require committee consideration.
3. The Forward Programme is a working document and is subject to change on a regular basis.

Recommendation/s

That Te Kaunihera o Pōneke | Council:

1. Receive the information.

Discussion

4. Tuesday 12 October 2021:
 - Representation Review Hearings (Chief Strategy and Governance Officer)
5. Thursday 28 October 2021:
 - Proposed land acquisition (Chief Operating Officer)
 - Wellington International Airport Limited (Chief Financial Officer)
 - Annual report adoption (Chief Strategy and Governance Officer)
 - Representation Review Final Proposal (Chief Strategy and Governance Officer)

Attachments

Nil

Author	Hedi Mueller, Senior Democracy Advisor
Authoriser	Stephen McArthur, Chief Strategy & Governance Officer

SUPPORTING INFORMATION

Engagement and Consultation

N/A

Treaty of Waitangi considerations

N/A

Financial implications

N/A

Policy and legislative implications

Timeframes and deliverables are reliant on organisational resourcing and priorities.

Risks / legal

N/A

Climate Change impact and considerations

N/A

Communications Plan

N/A

Health and Safety Impact considered

N/A

ACTION TRACKING

Purpose

1. This report provides an update on the past actions agreed by Te Kaunihera o Pōneke | Council at its previous meetings.

Summary

2. This report lists the dates of previous committees and the items discussed at those meetings.
3. Each clause within the resolution has been considered separately and the following statuses have been assigned:
 - No action required: Usually for clauses to receive information or note information, or actions for committee members rather than council officers.
 - In progress: Resolutions with this status are currently being implemented.
 - Complete: Clauses which have been completed.
4. All actions will be included in the subsequent monthly updates, but completed actions and those that require no action will only appear once.

Recommendation/s

That Te Kaunihera o Pōneke | Council:

1. Receive the information.

Background

5. At the 13 May 2021 Council meeting, the recommendations of the Wellington City Council Governance Review (the Review Report) were endorsed and agreed to be implemented.
6. The Review Report recommended an increase focus on monitoring the implementation of Council resolutions and delivery of the work programme. A monthly update at each committee meeting on its previous decisions is part of the implementation of this recommendation.

Discussion

7. Of the 48 resolutions of Te Kaunihera o Pōneke | Council on 26 August 2021 and 8 September 2021:
 - 14 require no action from staff.
 - 14 are in progress.
 - 20 are complete.
8. 5 in progress action were carried forward from the last action tracking report. Of these:
 - All 5 are still in progress.

9. Note that there were resolutions made in the public excluded portions of the previous Te Kaunihera o Pōneke | Council meetings.
10. For a public excluded resolution, each individual clause will not be reported on in a public meeting. These resolutions have been treated as a whole.
11. Updates on individual clauses of a public excluded resolution can be provided to councillors outside of a formal meeting.
12. Further detail is provided in Attachment One.

Attachments

Attachment 1. Actions Tracking  

Page 127

Author	Hedi Mueller, Senior Democracy Advisor
Authoriser	Stephen McArthur, Chief Strategy & Governance Officer

SUPPORTING INFORMATION

Engagement and Consultation

N/A

Treaty of Waitangi considerations

N/A

Financial implications

N/A

Policy and legislative implications

Timeframes and deliverables are reliant on organisational resourcing and priorities.

Risks / legal

N/A

Climate Change impact and considerations

N/A

Communications Plan

N/A

Health and Safety Impact considered

N/A

Date	Meeting	Item	Clause	Status
Wednesday, 30 June 2021	Te Kaunihera o Pōneke Council	2.5 Implementation of Parking Charges	6. Request officers to provide quarterly monitoring performance reports on the capacity levels of paid on-street parking.	In progress
Wednesday, 30 June 2021	Te Kaunihera o Pōneke Council	2.5 Implementation of Parking Charges	7. Request officers to investigate off-street parking opportunities with both council and privately run public parking buildings for evening and weekend parking throughout the year.	In progress
Wednesday, 30 June 2021	Te Kaunihera o Pōneke Council	3.1.1 Report of the Pūroro Rangaranga Social, Cultural and Economic Committee Meeting of 22 June 2021 Reporting Back on Public Consultation of a New Lease and New Licence On Wellington Town Belt: Squash New Zealand Inc And Tanera Garden Inc	1. Agree to grant a new lease under the Wellington Town Belt Act 2016 to Squash NZ for a five-year term with a renewal term of ten years. The land is part of Wellington Town Belt and is legally described as Lot 1 DP 10086 WN19A/369.	In progress
Wednesday, 30 June 2021	Te Kaunihera o Pōneke Council	3.2 Report of the Pūroro Waihangā Infrastructure Committee Meeting of 23 June 2021 Transfer of Land (Segregation Strips) Adjoining 60-72 Murphy Street From NZTA to Council	2. Agree to acquire approximately 21m ² of land adjoining 60 -72 Murphy Street, Thorndon being sections 1 to 6 and section 14 SO 461178 on ROT 828494 (<i>the Land</i>) for \$1 (if demanded), pursuant to section 50 of the Public Works Act 1981.	In progress
Thursday, 12 August 2021	Te Kaunihera o Pōneke Council	2.1 Asset Acquisition	All clauses	In progress
Thursday, 26 August 2021	Te Kaunihera o Pōneke Council	2.1 Aho Tini 2030 Arts, Culture & Creativity Strategy and Action Plan	1. Receive the information	No action required
Thursday, 26 August 2021	Te Kaunihera o Pōneke Council	2.1 Aho Tini 2030 Arts, Culture & Creativity Strategy and Action Plan	2. Note the strong sector support for Aho Tini 2030 Arts, Culture and Creativity Strategy as outlined in Attachment 4	No action required
Thursday, 26 August 2021	Te Kaunihera o Pōneke Council	2.1 Aho Tini 2030 Arts, Culture & Creativity Strategy and Action Plan	3. Note the feedback provided and thank the submitters for both their input and commitment to ongoing collaboration for the cultural wellbeing of Wellington city	No action required
Thursday, 26 August 2021	Te Kaunihera o Pōneke Council	2.1 Aho Tini 2030 Arts, Culture & Creativity Strategy and Action Plan	4. Note that the Aho Tini 2030 Arts, Culture & Creativity Strategy and Action Plan has been updated to reflect consultation feedback (Attachment 1 and 2)	No action required

Thursday, 26 August 2021	Te Kaunihera o Pōneke Council	2.1 Aho Tini 2030 Arts, Culture & Creativity Strategy and Action Plan	5. Agree to adopt Aho Tini 2030 Arts, Culture & Creativity Strategy and Action Plan with additional wording to reflect the following points: a) Arts and Creative Eco-system – the importance, to Wellington city as a whole, of the Wellington arts and creative sector including the pipeline of developing talent along with national and sector leading organisations through to independent creatives and the programme of major festivals and events. b) Council contribution – an overview of other government and non-government agencies that have a strong role in Wellington arts and culture sector, and an overview of Council’s financial contribution to arts and culture. c) Collaboration - that the collaborative approach with the sector described in the Strategy will be planned so that it can contribute to the Annual plan process for any new initiatives d) Grants criteria – that the action plan include an action for officers to explore how we can best support the sustainability of artists and access for local audiences to arts and events as part of the grants criteria review programme of work.	complete
Thursday, 26 August 2021	Te Kaunihera o Pōneke Council	2.1 Aho Tini 2030 Arts, Culture & Creativity Strategy and Action Plan	6. Agree that officers report back to Council with an update on the timeline and programme for major Council controlled venues reopening including any future planned maintenance and upgrade proposals.	In progress
Thursday, 26 August 2021	Te Kaunihera o Pōneke Council	2.1 Aho Tini 2030 Arts, Culture & Creativity Strategy and Action Plan	7. Agree officers to report back to Committee by March 2022 on how better access to Council venues and community facilities can be achieved for the local arts and creative community groups and audiences. The review should include whether the venues and community facilities subsidies are equitable across the city and are the most appropriate mechanism of support and whether other models could better support the local community, arts and creative sectors; and local audiences.	In progress
Thursday, 26 August 2021	Te Kaunihera o Pōneke Council	2.1 Aho Tini 2030 Arts, Culture & Creativity Strategy and Action Plan	8. Agree to increase funding for the New Zealand Portrait Gallery from \$22,000 to \$50,000 for this year, and task the Grants Subcommittee to review the contract funding for the NZ Portrait Gallery for future years.	complete
Thursday, 26 August 2021	Te Kaunihera o Pōneke Council	2.1 Aho Tini 2030 Arts, Culture & Creativity Strategy and Action Plan	9. Revoke the Arts & Culture Strategy 2011.	complete
Thursday, 26 August 2021	Te Kaunihera o Pōneke Council	2.1 Aho Tini 2030 Arts, Culture & Creativity Strategy and Action Plan	10. Agree the allocation of the balance of the \$1.075m funding included in the 2021 LTP (excluding the already approved Venues and Openings Programme funding of \$545k) including: a. Aho Hononga Partnership with mana whenua and Māori funding - \$200k b. Additional funding for independent artists in the Arts and Culture Fund - Project Funding - \$200k c. Toi Pōneke Arts & Creative Career Support funding - \$50k d. Public Space Activation funding - \$80k.	complete

Thursday, 26 August 2021	Te Kaunihera o Pōneke Council	2.1 Aho Tini 2030 Arts, Culture & Creativity Strategy and Action Plan	11. Agree to delegate to the chair of the Pūroro Rangaranga Social, Cultural and Economic Committee and the Chief Executive Officer to amend the Strategy and Action plan to reflect the above resolutions and any amendments as part of the publishing process.	complete
Thursday, 26 August 2021	Te Kaunihera o Pōneke Council	2.1 Aho Tini 2030 Arts, Culture & Creativity Strategy and Action Plan	12. Agree that officers include in the review to be reported back in March 2022 information on how the \$40m LTP capex funding for venues upgrades will be prioritised, including any further opportunities where Council can partner with other entities so that Wellington can continue to achieve its Aho Tini aspirations and noting the need for middle-size venues in Wellington	In progress
Thursday, 26 August 2021	Te Kaunihera o Pōneke Council	2.2. Annual Dog Control Report 2020-21	1. Receive the information.	No action required
Thursday, 26 August 2021	Te Kaunihera o Pōneke Council	2.2. Annual Dog Control Report 2020-21	2. Agree the content of the Annual Dog Control Report 2020-21.	No action required
Thursday, 26 August 2021	Te Kaunihera o Pōneke Council	2.2. Annual Dog Control Report 2020-21	3. Adopt the Annual Dog Control Act 2019-2021.	Complete
Thursday, 26 August 2021	Te Kaunihera o Pōneke Council	2.2. Annual Dog Control Report 2020-21	4. Agree that officers report back through the Animal Bylaw/Dog Policy process later this year on metrics for the objectives set out in the Annual Dog Report.	In progress
Thursday, 26 August 2021	Te Kaunihera o Pōneke Council	2.2. Annual Dog Control Report 2020-21	5. Request officers working on Dog Policy meet with Capital Kiwi to better understand the release of Kiwi this year in Wellington, in order to strategically utilise Animal Control resource.	In progress
Thursday, 26 August 2021	Te Kaunihera o Pōneke Council	2.2. Annual Dog Control Report 2020-21	6. Request officers bring back options for better resourcing of Animal Control in order to help protect our wildlife. Resourcing could include partnership opportunities, shared resourcing and fee reallocation and/or increase, as well as investigating the provision of off-leash dog facilities.	In progress
Thursday, 26 August 2021	Te Kaunihera o Pōneke Council	2.2. Annual Dog Control Report 2020-21	7. Note that a successful release of Kiwi in Wellington aligns with our declaration of an ecological emergency in 2019.	No action required
Thursday, 26 August 2021	Te Kaunihera o Pōneke Council	2.3 Annual Report on Income Received From and Costs Incurred in Alcohol Licensing	1. Receive the information.	No action required
Thursday, 26 August 2021	Te Kaunihera o Pōneke Council	2.3 Annual Report on Income Received From and Costs Incurred in Alcohol Licensing	2. Adopt the Annual Report of Alcohol licensing income and costs for the year 2020-2021	Complete
Thursday, 26 August 2021	Te Kaunihera o Pōneke Council	2.4 District Licensing Committee Annual Report 2020-2021	1. Receive the information.	No action required
Thursday, 26 August 2021	Te Kaunihera o Pōneke Council	2.4 District Licensing Committee Annual Report 2020-2021	2. Agree that this annual report may be submitted to the Alcohol Regulatory Licensing Committee.	Complete
Thursday, 26 August 2021	Te Kaunihera o Pōneke Council	2. 5 Representation Review Initial Proposal	1. Receive the information.	No action required

Thursday, 26 August 2021	Te Kaunihera o Pōneke Council	2. 5 Representation Review Initial Proposal	<p>2. Adopt, in accordance with sections 19H and 19J and clauses 1 and 2 of schedule 1A of the Local Electoral Act 2001, an initial proposal for Council representation with:</p> <ul style="list-style-type: none"> a. Fifteen total councillors (other than the mayor). c. Fifteen councillors being elected by ward. i. One councillor being elected from a Māori ward. ii. Fourteen councillors being elected from general wards. d. One Māori ward i. Te Whanganui-a-Tara Ward, electing one councillor, comprising all of Wellington City. e. Five general wards: <ul style="list-style-type: none"> i. Takapū Northern Ward, electing three councillors, comprising the suburbs of Ōhāriu, Tawa, Takapu Valley, Grenada North, Glenside, Grenada Village, Horokiwi, Paparangi, Woodridge, Johnsonville, and Newlands. ii. Wharangi Onslow-Western Ward, electing three members, comprising the suburbs of Mākara Beach, Mākara, Ngaio, Kaiwharawhara, Crofton Downs, Wadestown, Northland, Broadmeadows, Ngauranga, Khandallah, and Karori. iii. Pukehīnau Lambton Ward, electing three members, comprising the suburbs of Thorndon, Pipitea, Wellington Central, Te Aro, Oriental Bay, Kelburn, Highbury, Aro Valley, Mount Cook, and Mount Victoria. iv. Motukairangi Eastern Ward, electing two three members, comprising the suburbs of Roseneath, Hataitai, Kilbirnie, Lyall Bay, Rongotai, Miramar, Maupuia, Karaka Bays, Seatoun, Strathmore Park, and Moa Point. v. Paekawakawa Southern Ward, electing two members, comprising the suburbs of Brooklyn, Owhiro Bay, Island Bay, Southgate, Houghton Bay, Melrose, Berhampore, Newtown, Vogelstown, Mornington, and Kingston. 	Complete
Thursday, 26 August 2021	Te Kaunihera o Pōneke Council	2. 5 Representation Review Initial Proposal	<p>3. Agree to include in the initial proposal community board representation as follows:</p> <ul style="list-style-type: none"> a. Tawa Community Board, with eight members total, six members elected by the whole community and two appointed members, comprising the suburbs of Grenada North, Takapu Valley, and Tawa. b. Mākara/Ōhāriu Community Board, with six members total, all elected by the whole community, comprising the suburbs of Mākara, Mākara Beach, and Ōhāriu. c. No alterations to the boundaries of either community. <p>4A. Agree that the ground on which the initial proposal is not compliant with section 19V(2) of the Local Electoral Act 2001 is that compliance with subsection (2) would limit effective representation of communities of interest be dividing a community of interest between wards.</p>	Complete
Thursday, 26 August 2021	Te Kaunihera o Pōneke Council	2. 5 Representation Review Initial Proposal	<p>6. Agree to consult on the initial proposal from 4 September 2021 to 4 October 2021.</p>	In progress
Thursday, 26 August 2021	Te Kaunihera o Pōneke Council	2. 5 Representation Review Initial Proposal	<p>7. Agree to hold an additional meeting of on 12 October 2021 for the purpose of oral hearings on the initial proposal.</p>	In progress

Thursday, 26 August 2021	Te Kaunihera o Pōneke Council	2. 5 Representation Review Initial Proposal	8. Note that a full representation review in three years' time would be expected once the outcome of local government reform is known. This would also mean the changes already made to WCC representation (iwi representatives and Maori Ward) would have had time to bed in, and the results from the 2023 Census would be available.	No action required
Thursday, 26 August 2021	Te Kaunihera o Pōneke Council	2. 6 Strategy and Policy Work Programme	1. Receive the information	No action required
Thursday, 26 August 2021	Te Kaunihera o Pōneke Council	2. 6 Strategy and Policy Work Programme	2. Agree the strategy and policy work programme for 2021-22 as outlined in Attachment 1, with the following amendments: <ul style="list-style-type: none"> • Remove the Grants Framework review • Remove Significance and Engagement Policy review 	Complete
Thursday, 26 August 2021	Te Kaunihera o Pōneke Council	2. 6 Strategy and Policy Work Programme	3. Note that once agreed, the programme will be included in the relevant Committee Forward Programmes.	In progress
Thursday, 26 August 2021	Te Kaunihera o Pōneke Council	2.7. Action Tracking	1. Receive the information	No action required
Thursday, 26 August 2021	Te Kaunihera o Pōneke Council	2.8 Forward Programme	1. Receive the information	No action required
Thursday, 26 August 2021	Te Kaunihera o Pōneke Council	3.1 Report of the Pūroro Āmua Planning and Environment Committee Meeting of 4 August 2021 TRAFFIC AND PARKING BYLAW REVIEW	1. Adopt the new Traffic and Parking Bylaw 2021 and revoke the current Part 7: Traffic of the Wellington Consolidated Bylaw 2008	Complete
Thursday, 26 August 2021	Te Kaunihera o Pōneke Council	3.2.1Report of the Pūroro Hātepe Regulatory Processes Committee Meeting of 11 August 2021 PROPOSED ROAD STOPPING - LAND ADJOINING 40 STANLEY STREET, BERHAMPORE	1. Declare that approximately 25.5m2 (subject to survey) of unformed legal road land in Stanley Street (the Land), adjoining 40 Stanley Street (being Lot 49 DP 1616 held on ROT WN145/125), is not required for a public work and is surplus to Council's operational requirements.	Complete
Thursday, 26 August 2021	Te Kaunihera o Pōneke Council	3.2.1Report of the Pūroro Hātepe Regulatory Processes Committee Meeting of 11 August 2021 PROPOSED ROAD STOPPING - LAND ADJOINING 40 STANLEY STREET, BERHAMPORE	2. Agree to dispose of the Land.	In progress
Thursday, 26 August 2021	Te Kaunihera o Pōneke Council	3.2.1Report of the Pūroro Hātepe Regulatory Processes Committee Meeting of 11 August 2021 PROPOSED ROAD STOPPING - LAND ADJOINING 40 STANLEY STREET, BERHAMPORE	3. Delegate 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 the sale or exchange, imposing any reasonable covenants, and anything else necessary.	Complete
Thursday, 26 August 2021	Te Kaunihera o Pōneke Council	3.2.2Report of the Pūroro Hātepe Regulatory Processes Committee Meeting of 11 August 2021 PROPOSED ROAD STOPPING - GOVERNOR ROAD, LAND ADJOINING 24 NORTHLAND ROAD, NORTHLAND	1. Declare that approximately 130m2 (subject to survey) of unformed legal road land in Governor Road (the Land), adjoining 24 Northland Road (being Part Lot 283 DP 1087 held on ROT WN368/124), is not required for a public work and is surplus to Council's operational requirements.	Complete
Thursday, 26 August 2021	Te Kaunihera o Pōneke Council	3.2.2Report of the Pūroro Hātepe Regulatory Processes Committee Meeting of 11 August 2021 PROPOSED ROAD STOPPING - GOVERNOR ROAD, LAND ADJOINING 24 NORTHLAND ROAD, NORTHLAND	2. Agree to dispose of the Land.	In progress

Thursday, 26 August 2021	Te Kaunihera o Pōneke Council	3.2.2 Report of the Pūroro Hātepe Regulatory Processes Committee Meeting of 11 August 2021 PROPOSED ROAD STOPPING - GOVERNOR ROAD, LAND ADJOINING 24 NORTHLAND ROAD, NORTHLAND	3. Delegate 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 the sale or exchange, imposing any reasonable covenants, and anything else necessary.	Complete
Thursday, 26 August 2021	Te Kaunihera o Pōneke Council	3.2.3 Report of the Pūroro Hātepe Regulatory Processes Committee Meeting of 11 August 2021 PROPOSED ROAD STOPPING - LAND ADJOINING 9 DALLAS COURT, MIRAMAR	1. Declare the approximately 131m2 (subject to survey) of unformed legal road land in Dallas Court (the Land), adjoining 9 Dallas Court (being Lot 49 DP 33367 held on ROT WN10B/1421), is not required for a public work and is surplus to Council's operational requirements	Complete
Thursday, 26 August 2021	Te Kaunihera o Pōneke Council	3.2.3 Report of the Pūroro Hātepe Regulatory Processes Committee Meeting of 11 August 2021 PROPOSED ROAD STOPPING - LAND ADJOINING 9 DALLAS COURT, MIRAMAR	2. Agree to dispose of the Land.	In progress
Thursday, 26 August 2021	Te Kaunihera o Pōneke Council	3.2.3 Report of the Pūroro Hātepe Regulatory Processes Committee Meeting of 11 August 2021 PROPOSED ROAD STOPPING - LAND ADJOINING 9 DALLAS COURT, MIRAMAR	3. Delegate 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 the sale or exchange, imposing any reasonable covenants, and anything else necessary.	Complete
Thursday, 26 August 2021	Te Kaunihera o Pōneke Council	4.1 Appointments to the Kāwai Māhirahira Audit & Risk Subcommittee and Wellington Museums Trust	All clauses	Complete
Thursday, 26 August 2021	Te Kaunihera o Pōneke Council	4.2 Land Acquisition	All clauses	In progress
Wednesday, 8 September 2021	Te Kaunihera o Pōneke Council	2.1 Land Acquisition Proposal	All clauses	In progress

3. Committee Reports

**REPORT OF THE PŪRORO HĀTEPE | REGULATORY
PROCESSES COMMITTEE MEETING OF 8 SEPTEMBER 2021**

Members: Mayor Foster (absent – apologies accepted), Deputy Mayor Free (absent – apologies accepted), Councillor Condie, Liz Kelly, Councillor Matthews, Councillor O'Neill, Councillor Sparrow (Chair), Councillor Woolf (Deputy Chair).

The Committee recommends:

3.1.1 PROPOSED ROAD STOPPING - KNIGGES AVENUE, TE ARO

Recommendation/s

That Te Kaunihera o Pōneke:

1. Declare that the approximately 204m² (subject to survey) of formed legal road land in Knigges Avenue (the Land), adjoining 2 Knigges Avenue (being Lot 3 DP 40129 and held on ROT WN11C/1357), is not required for a public work and is surplus to Council's operational requirements.
2. Agree to dispose of the Land.
3. Delegate 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 the sale or exchange, imposing any reasonable covenants, and anything else necessary.

**3.1.2 PROPOSED ROAD STOPPING - LAND ADJOINING 20 AMRITSAR STREET,
KHANDALLAH**

Recommendation/s

That Te Kaunihera o Pōneke:

1. Declare the approximately 60m² (subject to survey) of unformed legal road land in Amritsar Street (the Land), adjoining 20 Amritsar Street (being Lot 1 DP 12004 held on ROT WN484/223), is not required for a public work and is surplus to Council's operational requirements.
2. Agree to dispose of the Land.
3. Delegate to the Chief Executive Officer the power to conclude all matters in relations 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 the sale or exchange, imposing any reasonable covenants, and anything else necessary.

Website link to the Regulatory Processes Committee agenda and minutes of 8 September 2021: <https://wellington.govt.nz/your-council/meetings/committees/regulatory-processes/2021/09/08>

Attachments

Nil

REPORT OF THE PŪRORO TAHUA | FINANCE AND PERFORMANCE COMMITTEE MEETING OF 16 SEPTEMBER 2021

Members: Mayor Foster, Deputy Mayor Free, Councillor Calvert (Chair), Councillor Condie, Councillor Day, Councillor Fitzsimons, Councillor Foon (Deputy Chair), Liz Kelly, Councillor Matthews, Councillor O'Neill, Councillor Pannett, Councillor Paul, Councillor Rush, Councillor Sparrow, Councillor Woolf, Councillor Young.

The Committee recommends:

2020/21 CAPITAL CARRY-FORWARD APPROVAL

Recommendation/s

That Te Kaunihera o Pōneke | Council:

1. Agree a capital carry-forward from 2020/21 into future years of \$94.1m.
2. Agree to reinstate \$1.7m of *Parking Asset renewals* budget that was part of the Long-term Plan (LTP) until the final version was prepared.
3. Agree to increase the whole-of-life project budget for the Town Hall by \$12.3m through use of the previously resolved Town Hall contingency.

Website link to the Finance and Performance Committee agenda and minutes of 16 September 2021: <https://wellington.govt.nz/your-council/meetings/committees/finance-and-performance-committee/2021/09/16>

Attachments

Nil

4. Public Excluded

Recommendation

That Te Kaunihera o Pōneke | Council:

1. Pursuant to the provisions of the Local Government Official Information and Meetings Act 1987, exclude the public from the following part of the proceedings of this meeting namely:

General subject of the matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
4.1 Mākara Cemetery - potential land acquisition	7(2)(i) The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations). 7(2)(j) The withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage.	s48(1)(a) That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7.
4.2 Attachment to 2.5 - Michael Fowler Centre Carpark Long Term Ground Lease - Attachment 1 Principal Terms and Conditions	Section 7(2)(b)(ii) The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.	s48(1)(a) That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7.