Mahere ā-Tau 2023/24
Annual Plan 2023/24

Absolutely Positively
Wellington City Council
Me Heke Ki Pōneke

Ihirangi
Contents

In line with the Council's ongoing commitment to sustainability, a limited number of hard copies of the Annual Report are produced. These can be viewed at our Arapaki Service Centre and any of our libraries. Alternatively, a copy of the report can be requested by calling the Contact Centre on (04) 499 4444.

Nau mai, haere mai
Welcome

This Annual Plan is our plan and budget for 1 July 2023 to 30 June 2024 – essentially what we will do, when and how we will pay for it.

We first outlined the projects for this year in our Long-term Plan (LTP) for 2021-31. The 2023/24 Annual Plan represents year three of the LTP. The LTP was consulted on extensively with Wellingtonians in April and May 2021 and received strong community support.

However, we know times change. Therefore, we produce an Annual Plan so we can highlight any changes to the programme for that year because of changed circumstances. These could be budget revisions, new priorities that arise, the rescheduling of projects underway or new work to address issues facing the wellbeing of the city.

The changes to year three of the LTP in this year's Annual Plan are minimal. Despite the cost of living pressures, we have been able to manage our costs to keep budgets as similar as possible to what we first outlined in 2021.

We engaged our community on this Annual Plan in April 2023. The outcome of this engagement is summarised on pg 7.

More details on the 2021-31 LTP are available at: **wellington.govt.nz/annual-plan**

We acknowledge mana whenua

Through the signing of Tākai Here, we as a council have forged stronger partnerships with our mana whenua here in Te Whanganui-a-Tara. This partnerships agreement allows for a stronger governance relationship and sets out the principals, values, and priorities for the way in which we work together. The signing of the document took place 182 years to the day that Te Tiriti was signed here in Te Whanganui-a-Tara, acknowledging the creation of a new partnership.

Through Tākai Here, we work in partnership with:

- Taranaki Whānui Ki Te Upoko o Te Ika (Port Nicholson Block Settlement Trust)
- Te Rūnanga o Toa Rangatira
- Te Rūnanganui o Te Āti Awa Ki Te Upoko o Te Ika a Māui

We also have relationships with the Te Aro Pā Trust and the Wellington Tenths Trust. We acknowledge Te Tiriti o Waitangi.

We recognise that Te Tiriti o Waitangi forms the underlying foundation of the Council and mana whenua relationship, and that the Council acts in accordance with Te Tiriti o Waitangi.

He mihi whakatau nā te Koromatua me te Tumu Whakarae

Tēnā koe i tō whakatika mai ki te pānui i tēnei tuhinga, otirā i tō ngākaunui ki te Mahere ā-Tau 2023/24 a Wellington City Council.

Kei tēnei wā tātou e puta ana tētahi hurihanga nui o tō tātou taone – he whakahou i ngā hanganga tawhito, he whakarite mō te tipu a te taupori, he whakaū i ngā whare e kore ai e raru i ngā rū whenua, me te whakatika mō te mōreareatanga āhuarangi. Ā, kei te Kaunihera ko aua taumahatanga ahumoni anō hoki, arā te pikinga utu, te tono pūtea, me ngā utu inihua. Ko te kaupapa o tēnei Mahere ā-Tau he tohe kia whai tauritetanga.

E mōhio ana mātou e piki haere ana te utu o te ora ki ngā tāngata katoa, ka mutu, e rapu oranga tonu ana ō tātou hapori me ngā pākihi iti i ngā pānga o te Kowheori 19. Kua pai te whakahaeretia o te tahua pūtea, e ai ki te Mahere Pae Tawhiti 2021 – 31, te tuku ratonga, me te whakahou i ngā hanganga i kīa i hiahiatia e ngā tāngata o Pōneke.

Kei roto o te tahua mō te Mahere ā-Tau he whakapikinga utu tāke kaunihera mā te 12.3% mō muri mai o te tipu (te pikinga kaiutu tāke kaunihera) – he tauwaenga o te $8.00 ki ia kāinga, ia wiki.

I whāia ētahi huarahi hei whakaiti utu, arā ko ētahi he whakataha whakataunga whakapau pūtea hou, he whakatōmuri utunga nama mō ngā tono pūtea ā-Kowheori, he toro ki ētahi toenga pūtea o ngā tau o mua, me te whakapiki i ētahi utu kaiwhakamahi. Kua whai wāhi mai hoki te $14.6 miriona pūtea penapena ki roto ki tēnei tahua, hei āpiti atu ki te $30 miriona kua penapenahia i ngā tau e toru kua hori.

Ko te Mahere ā-Tau 2023/24 te kaupapa whakamutunga kua tō mai i te Mahere Pae Tawhiti. Whakahoungia ana nei te Mahere Pae Tawhiti a te Kaunihera ia toru tau hei ahunga mō ngā tau tekau ka whai, ā, kei roto ko ngā haumitanga, ko ngā utu, me te pēwhea o te tuku pūtea.

Tīmata ai ngā whitiwhitinga ki ngā hapori mō te Mahere Pae Tawhiti i te Aperira, ā, hei reira whakaritea ai ngā aronga wāheke mō tō tātou tāone nui.

I raro i ngā āhuatanga o ēnei rā, he wero nui tewhai tauritetanga i waenga i ngā utu e taea ana te utu, me ngā haumitanga e taea ai tētehi tāone tupu pai, manahau, ngahau, te whai.

Tēnā anō koutou i whai wā mai ki tētahi tukunga mō te mahere me te whai māramatanga mō ēnei taupātanga.

Tory Whanau
Koromatua o Pōneke – Mayor of Wellington

Barbara McKerrow
Tumu Whakarae – Chief Executive

Welcome from the Mayor and Chief Executive

Thank you for taking the time to read this document and for your interest in Wellington City Council's 2023/24 Annual Plan.

We are in an important period in which our city is undergoing a significant transformation programme – replacing aging infrastructure, preparing for population growth, earthquake-strengthening our buildings, and responding to the climate crisis. At the same time, the Council is facing major financial pressures, including increased inflation, borrowing and insurance costs.

This year's Annual Plan is about striking a difficult balance.

We understand the cost of living is going up for everyone, and our communities and local businesses are still recovering from the impact of COVID-19. We have managed our costs to stay within the budget in our 2021-31 Long-term Plan, while delivering the service and infrastructure upgrades Wellingtonians have told us they wanted.

The budget for the Annual Plan includes a rates increase of 12.3% after growth (the increase in the number of ratepayers) – an average of about $8.00 per household per week.

We took steps to reduce costs, including deferring decisions about some new additional funding, delaying debt repayments for COVID-related borrowing costs, using some surplus funds from previous years, and increasing some user fees and charges. A further $14.6 million in organisational savings have been incorporated as part of this budget, on top of $30 million saved over the past three years.

The 2023/24 Annual Plan is the last one based on our current Long-term Plan. The Council's Long-term Plan is revised every three years and sets our direction for the next 10 years, outlining what it will be investing in, how much it may cost and how this will be funded.

Initial community engagement on the 2024-34 Long-term Plan started in April and will help us set the future priorities for our city.

In the current environment it can be challenging to strike that balance between affordability and the investment that will enable us to keep moving towards an improved, more resilient and vibrant city.

Thank you again to those who took the time to make a submission on the plan and to understand these challenges.

Tory Whanau
Mayor of Wellington

Barbara McKerrow
Wellington City Council
Chief Executive

Whakatakinga
Introduction

This section includes an overview of our engagement on the 2023/24 Annual Plan, key changes to the programme since it was outlined in the 2021-31 LTP, an update on our climate change response and mana whenua partnerships, our LTP vision and priorities, and summaries of our capital and operational budgets.

Ngā whakaaro a te iwi whānui mō te Mahere ā-Tau 2022/23
Community feedback on the Annual Plan 2023/24

Engagement activities were carried out from 27 March to 30 April 2023 on our Annual Plan Community Engagement Document. It was centred on an engagement website which outlined what was proposed and encouraged submitters to fill out the submission form online.

The numbers

3.4k

page views on Annual Plan website by 2,429 people

1.9k

downloads of Annual Plan information

351

Annual Plan submissions

236 via website
36 oral hearing requests
85 via Councillor-initiated forms
30 via hard copy or email

What people said

We asked the community the following questions to gain information about the public's views on the plan, the increase in the amount granted under the Rates remission and Rates postponement policies and the changes to the fees – including new fees being introduced for new services or material changes to current fees.

Note: Categories for the analysis of submission data is as follows:

- **Support** – comment/submitter was in favour of the plan as proposed. Positive in tone.
- **Mixed** – where the comment is supportive of the plan but with caveats.
- **Neutral** – this is often where a general comment was made about the category but it wasn't possible to determine support for the plan or not.
- **Do not support** – comment/submitter did not support the plan at all. Negative in tone.

Question	Support	Mixed	Neutral	Do not support
Do you have any overall feedback on our 2023/24 Annual Plan?	39	51	9	91
Do you support these Rates remission and Rates postponement policies policy changes?	138	N/A	49	44
Do you have any feedback on the proposed material fee increases?	24	19	9	29
Do you have any feedback on the proposed new fees?	32	24	6	27
Do you have any additional feedback on the proposed fee changes?	17	26	10	55

The feedback was split between support/mixed (47%) and those opposed to the plan (48%). However, the negative views were more direct, with those supporting the plan often having a caveat attached. For example:

- "I support rates increases if it is for good infrastructure development."
- "I support it but there should be greater action on climate change."

Themes of the overall feedback ranged from high cost of living and reducing services and costs, to increasing climate change and infrastructure investment and maintaining access to services.

There also mixed feedback on proposed fees changes. Feedback received ranged from not increasing fees above inflation to increasing commercial fees (consents, parking) but not community ones (swimming lessons, sportsfields/centres).

There was support on the Rates remission and Rates postponement policies policy changes.

The full analysis of the Annual Plan submissions is available on the Council website: **wellington.govt.nz/your-council/meetings/committees/long-term-plan-finance-and-performance-committee/2023/05/31**

During the community engagement period, we received a number of significant funding request to be considered for the 2023/24, including Ian Galloway Park masterplan, public toilets at BMX track and Huetepara Park construction.

Impact of the engagement

The Annual Plan engagement received four specific funding requests through submissions.

1. **Ian Galloway Park master plan and public toilets:** a request for $150k to install temporary toilets at the southern end of Ian Galloway Park to service the BMX track, skate and dog park users until the outcome of the masterplan is known and a permanent location is implemented.
   a. This was agreed to and funded through the reprioritisation of the existing capital programme.
2. **Huetepara Park:** wanted a signal of continued support of the project in this financial year through the funding of the ramp and viewing platform for Huetepara Park at the site at Lyall Bay. Submitter costed out at $1.3m.
   a. Council costed out this project at $4.03m. The Council agreed to increase the $1.2m in the Annual Plan by an additional $1.2m so that stage 1 of the project can be completed.
3. **Cancer Society:** a request for increased shade in play areas around the city.
   a. The Council noted that shade would be installed in community playgrounds as appropriate and it would directly engage with the Cancer Society on this.
4. **South coast cycleway safety changes:** a request to bring forward work on cycling improvements from Lyall Bay to Houghton Bay on the south coast. Also for there to be a speed limit reduction to 30km/r.
   a. Part of the route has been reduced to 30km/hr in Lyall Bay. However, the cycleway on the south coast is part of the bike network with areas being completed according to priority. The route is a low priority for completion being prioritised as 13 out of the 14 areas.
   b. However, when work such as resealing of roads or footpath improvements are scheduled, opportunities to 'build back better' and improve outcomes for cyclists will be considered and actioned where justified.

There were also a variety of questions on the plan that will be answered in the report back to the submitters and on the Council website. These questions ranged from feedback on disability access and community services funding to how Council's building upgrade programme worked and engagement with the business community.

Whaitua Whakahaere: Ngā whakarerekē me ngā whakaaweawe
Operating environment: Key changes and influences

While we plan to continue to deliver on the programme of work set out in the 2021–31 Long-term Plan, there are areas where some changes have been made.

There are also several external and internal factors we need to consider when setting this plan. For example, inflation, climate change and our organisation's key strategies.

What has changed since the 2021-31 Long-term Plan?

Capital programme

We have had to reschedule parts of our ten-year capital programme in response to market and supplier constraints. This has involved shifting the timing of some projects back to give time for delivery capacity to be increased. For example, the timeline for some parts of the bike network have been extended such the Evans Bay cycleway and Kilbirnie Corridor.

We have also delayed some facilities-related projects such as the demolition of the Municipal Office Building and Civic Administration Building at Te Ngākau Civic Square.

The capital budget includes $126.2 million for the detailed costs relating to the Sludge Minimisation project. Because of its inclusion in the budget along with associated revenue from the matching Infrastructure Funding and Finance Act capital funding, the annual plan shows an accounting surplus of $64.8 million.

As was consulted on as part of the draft budget, the Council is expecting an operating loss of more than $60 million.

Operational budget

Since 2021, the Council has provided additional funding (above the 2021-31 LTP budget) to support Wellington Water Ltd (WWL) to respond to market pressures, supply chain constraints, and to repair more leaks. The 2023/24 Annual Plan also includes an additional $4.6m operating expenditure in the 2023/24 budget, including $2.3m for leak repairs only.

The following additional cost pressures and adjustments have also been incorporated into the 2023/24 Annual Plan budget as they are adjustments to existing items or items that are required for the Council to operate:

a. LED Street lamps urgent repair: $3m
b. Employee costs (increase to living wage): $5m
c. Greater Wellington Regional Council bulk water purchase: $5m
d. Insurance premium increase: $5m
e. Other operating costs (WWL, software licenses etc): $1m
f. Climate Emergency Response Fund Revenue – Climate Change Response: $(0.4m)
g. Climate Emergency Response Fund Revenue – Cycleways Programme: $(5m)
h. Other adjustments: $(5m)

What's influencing this Annual Plan

Operating environment

While the Council's operating environment for this Annual Plan has settled following the high level of disruption experienced during COVID-19, there continues to be financial challenges.

Inflation and interest rates are significantly higher than expected when our 2021–31 Long-term Plan was prepared. This is increasing the cost of Council services and we are having to manage these pressures while maintaining levels of service, delivering city development projects and producing an annual budget.

There are also construction market pressure and constraints impacting our ability to deliver our capital programme. This has caused us to re-phase work as outlined above.

Climate Change Response
In June 2019 the Council declared a climate and ecological emergency, and adopted the climate change strategy *Te Atakura – First to Zero*.

In the context of the flooding events in Auckland, and the devastating impact of Cyclone Gabrielle, our work this year on the 2021–31 Long-term Plan priority of "An accelerating zero-carbon and waste-free transition" is key to ensuring our city is fit for the future.

This priority area is delivered through many of the projects and workstreams highlighted in this Annual Plan.
For example:

- start implementation of the Climate Adaptation Community Engagement Roadmap, funded this year through the DIA's Better Off Fund.
- public engagement on adaptation planning for high-risk communities will begin in 2024, once we have better understand of the policy from central government.
- ongoing investments in stormwater systems and maintenance of seawalls.
- significantly increase public transport capacity and improve active transport infrastructure through programmes like Let's Get Wellington Moving and Paneke Pōneke Cycleways.
- continue the EV chargers project – the Charged Up Capital.
- ongoing support to shift to zero-carbon lifestyles and business models, through education and practical support, enhanced this year with funding from the DIA's Better Off Fund and through Let's Get Wellington Moving.
- we have already achieved a significant reduction in emissions from the landfill. This has reduced Council emissions by about a third. This year we plan to put in place a new Council Emissions Reduction Plan based on our recently revamped greenhouse gas inventory, which includes our project to electrify our vehicle fleet, and reduce emissions from our buildings and suppliers.

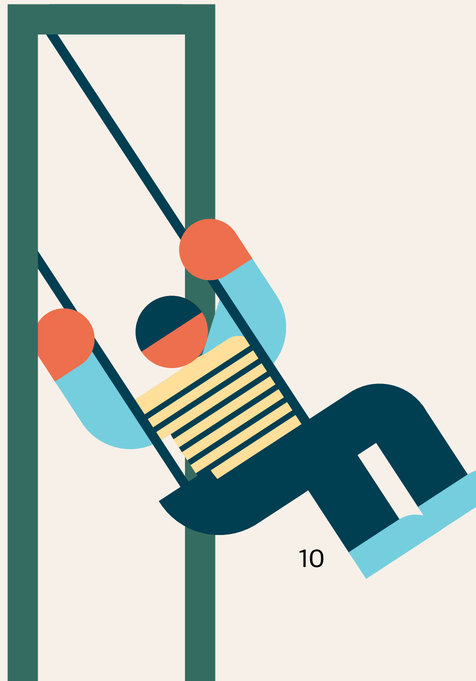
Partnership with mana whenua
In 2021, a priority of the Long-term Plan was to strengthen mana whenua and Māori relationships, this provided $29 million over the next 10 years for Māori Strategic Outcomes. Council then created Mataaho Aronui, a Strategic Māori Outcomes unit to drive the new strategic direction focusing on:

- Māori partnerships
- Māori strategy
- Māori success

Tūpiki Ora Māori Strategy
To ensure mana whenua and Māori would lead the direction of the change, we co-facilitated hui with mana whenua to ask for their aspirations for the future.

These aspirations shaped the development of Tūpiki Ora Māori Strategy (Tūpiki Ora). We are now focused on developing the action plan for Tūpiki Ora, to create activities and initiatives across the Council and Council-controlled Originations that will deliver on achieving the vision and priorities of mana whenua and Māori.

Tākai Here Partnership Agreement
In April we embarked on a new partnership journey with Te Rangapū Ahikāroa, a new body of mana whenua partners representing Te Āti Awa, Taranaki Whānui and Ngāti Toa Rangatira. The signing of this new partnership agreement sets a new direction for our partnership with mana whenua. This agreement speaks to the accountability of each partner ensuring that they meet their responsibilities, uphold the shared values, and keep the partnership strong and moving forward, together.



Tō mātou whakakitenga
Our vision

Our vision for Wellington 2040 is: An inclusive, sustainable and creative capital for people to live, work and play.

The following outcomes and priorities were consulted and agreed as part of the 2021-31 LTP process

Community outcomes – environmental, social, cultural and economic

A sustainable, natural eco city (Environmental wellbeing) – A city where the natural environment is being preserved, biodiversity improved, natural resources are used sustainably, and the city is adapting to climate change – for now and future generations.

A people friendly, compact, safe and accessible capital city (Social wellbeing) – An inclusive, liveable and resilient city where people and communities can learn, are connected, well housed, safe and healthy.

An innovative, inclusive, and creative city (Cultural wellbeing) – Wellington is a vibrant, creative city with the energy and opportunity to connect, collaborate, explore identities and openly express, preserve and enjoy arts, culture and heritage.

A dynamic and sustainable economy (Economic wellbeing) – The city is attracting and developing creative talent to enterprises across the city, creating jobs through innovation and growth while working towards a sustainable future.

Alongside these we have six priorities, where we are focusing our work and investment

Priority objectives

A functioning, resilient and reliable three waters infrastructure – with improving harbour and waterway quality and, reducing water usage and waste.

Wellington is an affordable, resilient and safe place to live – with an accessible, connected, and compact city.

The city's core transport infrastructure is a safe, resilient, reliable network – that supports active transport choices, and an efficient, productive and sustainable economy.

The city has resilient and fit-for-purpose community, creative and cultural spaces – including libraries, museums and community halls, where people connect, develop and express their arts, culture and heritage.

An accelerating zero-carbon and waste-free transition – with communities and the city economy adapting to climate change, development of low carbon infrastructure and buildings, and increased waste minimisation.

Strong partnerships with mana whenua – weaving Te Reo and Te Ao Māori into the social, environmental and economic development of our city and, restore the city's connection with Papatūānuku.

Āu pūtea e mahi ana
Your money at work

This section explains our budget, how it works and outlines the impact on your rates and the Council's debt for the year.

Where does the Council's money come from?

The Council has two budgets – operating and capital – that together support our services and the delivery of development projects to improve the city.

The money for operating expenses comes mainly from rates, fees and charges from the users of a service, or revenue from investment income (for example, ground lease income and any Wellington International Airport dividend). Rates are made up of general rates, which everyone pays, and targeted rates, which are paid by those who use a specific service. This year rates are expected to fund 58.7% of our operating budget.

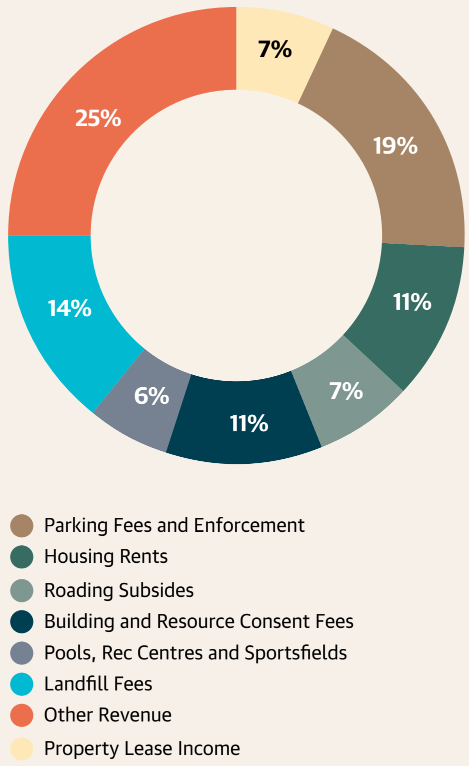
Debt funds most of our capital projects and expenses – our development projects and renewing and upgrading our assets and infrastructure. We borrow for these expenses as they are often quite large. It also means we can spread the cost of paying for the projects over time through the repayment of the debt and ensure the community assets remain fit for purpose through funding depreciation.

Waka Kotahi NZ Transport Agency also provides funding for parts the transport network, such as cycleways.

For the Sludge Minimisation project, we have accessed Infrastructure Funding and Finance funding, which in 2023/24 is budgeted at $126.2m.

For some projects, for example a new housing development, the Council will provide roading or water pipes as a contribution to the development. We recover some of these costs by requiring the developer to reimburse the Council. These are development contributions.

2023/24 Sources of non-rates revenue to fund operating expenditure



Te tikanga o tēnei mahere ki a au
What this plan means for me

What are rates for, and why are they important?
In the same way, our national taxes contribute to the running of the country, Council rates are important to ensure Wellington continues to function.

We set our rates based on the needs of the community, demand for services and affordability in rates. Your money helps us deliver more than 400 day-to-day services and pay for the borrowings used to fund big capital projects across Wellington.

Some of the services and facilities that Wellingtonians receive through their rates include:

389 litres
of drinkable water supplied per resident per day[1]

198 sqm
open space per Wellingtonian

18,659
streetlights operated

25
free public events

181,216
calls answered by our Contact Centre staff

820km
stormwater pipes

108
play areas

407km
walking and biking tracks

$4.9m
funding to community projects and organisations

767,257
items available at our 14 libraries

1,080km
wastewater pipes

101,999
native plants planted with the community

760,017
resources in City Archives

968.5km
footpaths

7
new public murals

1 Not all is used in a resident's home. Other users include industry, businesses, schools, hospitals, the fire service and councils.

He aha te mahere mō ngā reiti?
What is the plan for rates?

This year, the rates increase is 12.3 percent after growth in the ratepayer base is considered. This is equal to the after-growth increase budgeted for in previous plans for this year. In total, the council proposes to collect $479.8m (GST exclusive) of rates during 2023/24.

This increase is driven by investment in the city's infrastructure and services signalled in the Long-term Plan, and the impact of increased inflation, borrowing costs, and depreciation.

Council has used alternative funding mechanisms to absorb some inflationary impacts, and keep rates increases to levels previously signalled. This has resulted in a decision to pause some debt repayments and to fund some initiatives through accumulated surpluses.

Johnsonville Business Improvement District (BID)
A BID is a mutual partnership between Council and a local business community to improve the projects and services that will benefit the economy of a specific local area.

This year, we are introducing a new Business Improvement District in Johnsonville, which includes a new targeted rate for participating.

More information, including a map of the proposed district is on page 48.

212,174
Wellington city residents

81,252
Total properties that pay rates

57:43
collection % of the general rate from base vs commercial ratepayers

Options for paying rates

There are several ways to help people manage their rates payments, such as spreading your payments into regular affordable amounts across the year.

Along with Central Government, we have a rates rebate scheme that provides a reduction in rates to those that meet set low-income criteria.

- if you are on a low income, you can apply for a Government rates rebate at: **wellington.govt.nz/browse/housing-and-property/getting-help-with-housing/getting-a-rates-rebate**
- for those who are eligible for the Government rates rebate, Council can provide an additional reduction of your rates and we are proposing changes in this area.

If you are worried about paying your rates invoice, please get in touch with us as soon as possible at **rates@wcc.govt.nz** or call 04 499 4444.

There are also multiple ways to pay your rates: online, by direct debit, internet/telephone banking and in person at the Arapaki Service Centre on Manners Street or at any NZ Post shop.

Policy changes
The Council has made changes to the Rates remission and Rates postponement policies to enable better support to ratepayers facing financial hardship.

The key changes are:

- Increase low-income remission amount from $500 to $700
- Engage with DIA to include the Council remission in their rates rebate form
- Eliminate the financial hardship postponement application fee for ratepayers that also qualify for the Central Government rates rebate

Mahere pūtea whakahaere
Operating budget

The cost of delivering and running Council services in 2023/24 is budgeted to be $817.6m or $10.56 per resident per day.

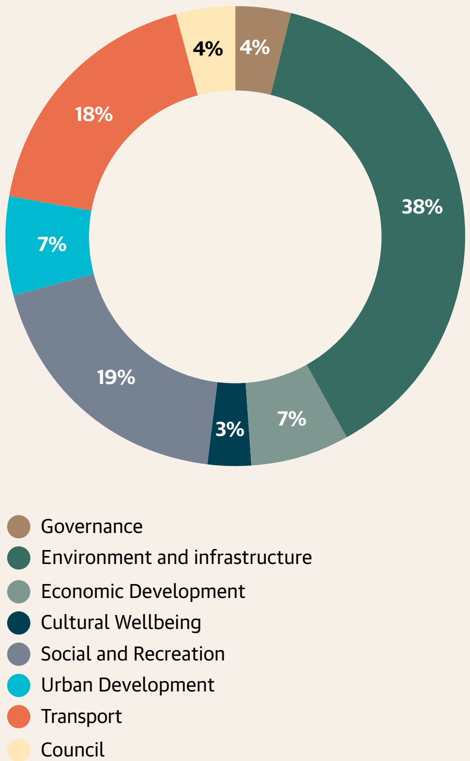
This is an $91.4m increase from the 2022/23 Annual Plan, which primarily relates to increased depreciation costs, increased interest expenses, and increased contracts, services and materials cost.

Operating spending for 2023/24

$817.6m

The proposed split for our budget across our eight activity areas is as follows:

Operating expenditure (excl revenue)



Ngā utu me ngā utu kaiwhakamahi
Fees and user charges

Our Revenue and Financing policy guides our decisions on how to fund council services. We consider who benefits from a service (for example, individuals, parts of the community or the community as a whole) to help determine how the service should be funded.

The policy also sets the targets for each council activity, stating what proportion should be funded from user charges, general rates, targets rates and other sources of income.

The following areas have material increases this year because of changes to existing Council policies or implementation of new policies.

- **Town Belts & Reserves** – implementation of the Trading and Events in Public Places Policy
- **Public health regulation** – application fee for Responsible dog owners, which has not been adjusted for several years

These two material fee increases are related to the rising costs to Council to offer the services in these two areas:

- **Waste minimisation services** – increased ETS costs and Waste Minimisation Act levy
- **Building control and facilitation** – alignment of some existing fees to new fee structure

We are also introducing new fees in the following areas to streamline some Council booking processes or to offer new services:

- **Waterfront Public Spaces** – multiple new fees relating to taking over management from Centreport
- **Swimming pools** – multiple new fees relating to pool party offerings
- **Botanical gardens** – including new picnic kits and hire rates for Bolton Cottage
- **Sports fields** – including a new sandcourt hire fee and hire rates for the Newton Park function room
- **Recreation Centre** – multiple new fees for booking Ākau Tangi Sport Centre sessions
- **Marinas** – fees for new services for boat pump-out and service outside license agreement
- **Burials and Cremation** – Ash Plots Makara extensions
- **Public Health regulations** – Parklet permissions
- **Building Control & facilitation** – New minor works fee, New LIM fast track option

We also have standard inflation increases proposed for the following areas:

- Botanical gardens
- Waterfront public spaces
- Swimming pools
- Recreation centres
- Marinas
- Burials and cremations
- Public health regulations
- Building control and facilitation
- Development control and facilitation

More detail on the proposed fees can be found on our website: **wellington.govt.nz/annual-plan**

Mahere pūtea pūrawa
Capital budget

Capital expenditure is used to renew or upgrade existing assets or to build new assets to provide a higher level of service or account for growth. Our assets include buildings, roads and footpaths, water, stormwater and wastewater pipes, libraries, swimming pools, and sportsfields.

We have a significant capital expenditure programme in place, with $566.1m planned for 2023/24. This year, our programme includes significant investment in our water, stormwater, wastewater and transport networks, the sludge minimisation project, and the development of Te Ngākau Civic Square precinct, including continuing the construction of the city's new Te Matapihi Central Library.

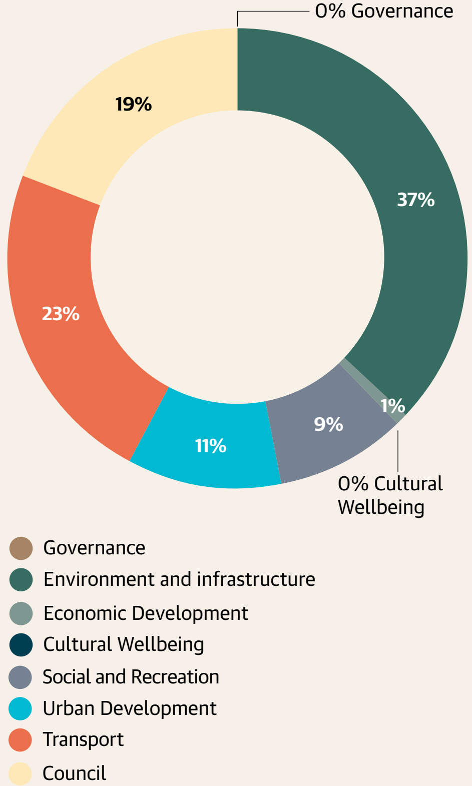
The total is an increase in what was included in the 10-Year Plan ($356m). The variance primarily relates to the refinement of project costs, the inclusion of sludge minimisation project costs, inflationary pressures, and timings on major building and water projects.

Capital spending for 2023/24

$566.1m

The proposed split across our eight activity areas is as follows:

Capital expenditure



Explaining our borrowing

We borrow to fund upgrades to our assets or to invest in new infrastructure. This allows us to spread the cost of funding this expenditure over the multiple generations that will benefit from the investment.

For 2023/24, net borrowings are forecast to be $1.55 billion at the end of the year, equating to 211 percent (including insurance headroom) of our operating income compared to the Council imposed cap of 225 percent. Council's imposed cap is lower than the LGFA covenant level of 290 percent for 2023/24 (noting this reduces over coming years). The reason the Council has set a lower rate than the LGFA covenant is to ensure it has sufficient debt headroom for asset renewals and any shocks in the future.

Ā mātou mahi mō te tau
Our work for the year

In this section we outline each of our seven strategic area, highlight what's changing since we released Our 10-Year Plan, other key projects, performance information and what it costs.

The Annual Plan 2023/24 focuses on changes to year three of Our 10-Year Plan, with some updates on other key projects.

For full details of our Council services, see Our 10-Year Plan 2021-31 on our website, **wellington.govt.nz/ltp.**

Our seven strategic areas

Our work is grouped into seven strategic areas:

Pārongo ā-tāone
Governance

Whanaketanga ōhanga
Economic development

Oranga ahurea
Cultural wellbeing

Pāpori me te hākinakina
Social and recreation

Tāone tupu ora
Urban development

Ngā waka haere
Transport

Te Taiao me te hanganga
Environment and infrastructure

We use these areas to showcase our plans, group together relevant services, facilities and projects and monitor our performance.

To achieve our objectives for Wellington, we have also established several companies and trusts. These were set up to independently manage Council facilities, or to deliver significant services and undertake development on behalf of the Wellington community.

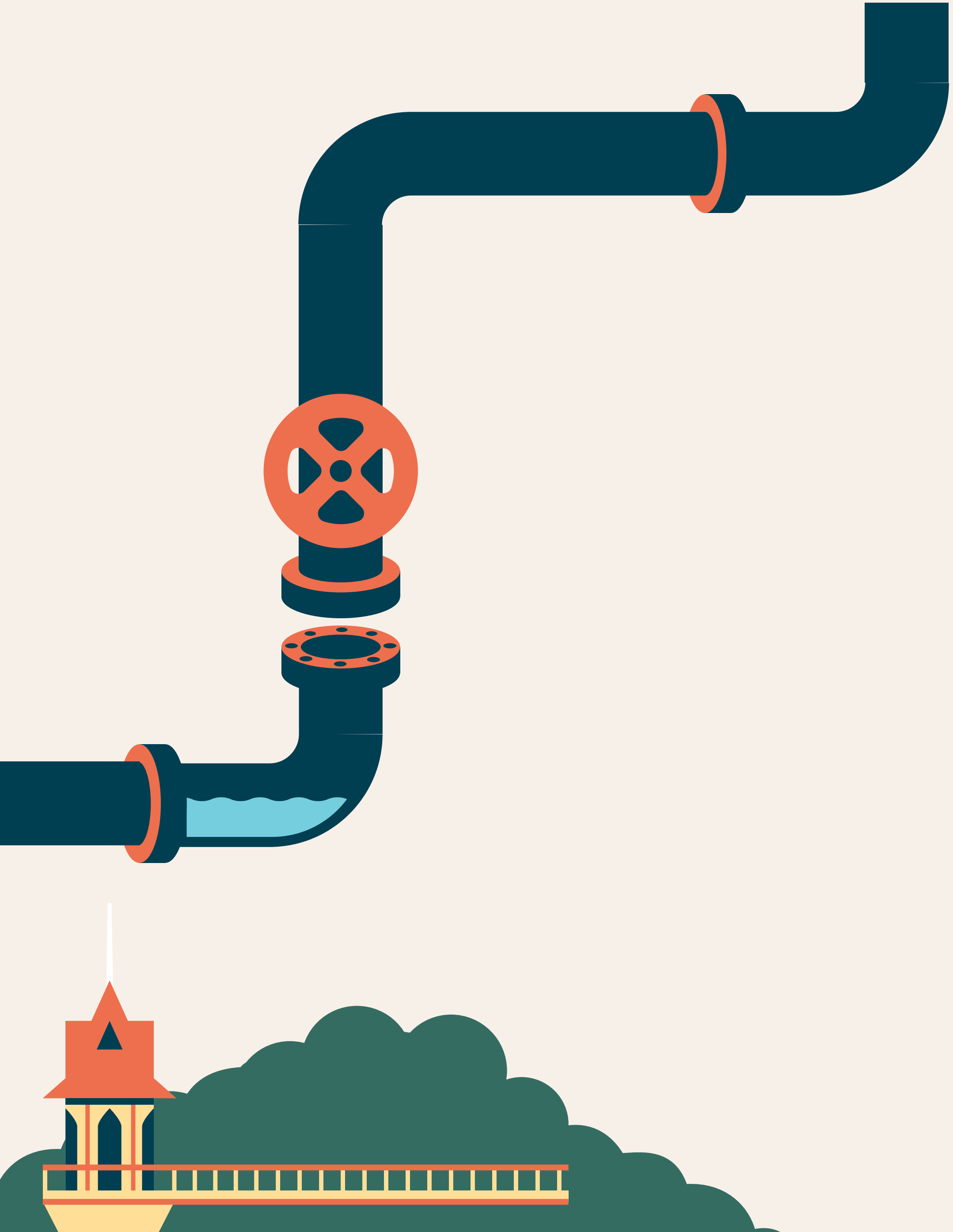
Where necessary, we provide funding to support their operations and capital investment requirements.

The organisations are:

- Wellington Museums Trust (Experience Wellington)
- Wellington Regional Economic Development Agency Ltd (WellingtonNZ)
- Wellington Zoo Trust
- Basin Reserve Trust
- Karori Sanctuary Trust (ZEALANDIA)
- Wellington Cable Car Limited
- Wellington Water Limited
- Wellington Regional Stadium Trust (Sky Stadium)

For more details on the organisations, their objectives, structure, and how their performance is measured, please refer to Our 10-Year Plan **wellington.govt.nz/ltp**.

This section provides an overview of the seven areas.



Pārongo ā-tāone
Governance

We aim to build trust and confidence by being open, transparent and accountable.

What we do – an overview

This strategic area includes activities which enable democratic decision making.

We encourage public input and involvement to ensure all points of view and relevant information are considered when we make decisions on behalf of Wellington. This includes: running local elections; operating, recording and communicating Council and Committee meetings and decisions, and creating and reviewing policies, bylaws and strategies.

This area also includes the operation of our City Archives, Contact Centre and Arapaki Service Centre and communicating with the public on climate impacts.

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

There are two groups of activities in this area:

1.1 Governance, information and engagement.

1.2 Māori and mana whenua partnerships.

What it costs

2023/24 Annual Plan	$000
Operating expenditure	32,800
Capital expenditure	1,600

Te Taiao me te hanganga
Environment and infrastructure

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

What we do - an overview

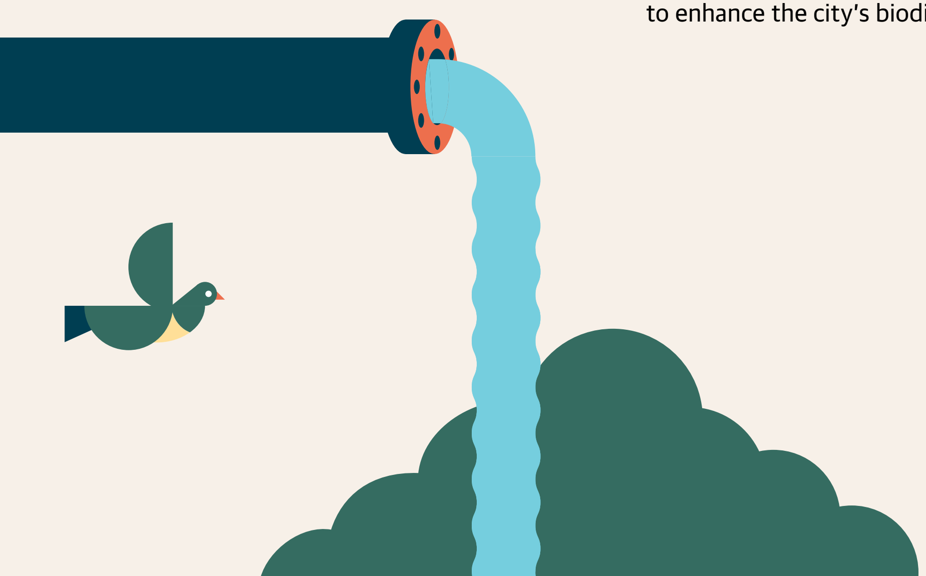
The Council's environment portfolio is large and diverse, encompassing beaches and green spaces, waste reduction and energy conservation, as well as the three waters services (drinking and tap water, wastewater and stormwater) and support for our Wellington Zoo and Zealandia.

Through this areas we maintain and care for our walking and biking tracks, Wellington Gardens, our open green spaces and work to enhance the city's biodiversity.

We work to make Council facilities and services more energy efficient, work to reduce the Council's overall greenhouse gas emissions, encourage waste minimisation and actively divert more than 15,000 tonnes of waste from the Southern Landfill and operate the Tip Shop and Recycling Centre.

There are six groups of activities in this area:

2.1 Gardens, beaches and green open spaces
2.2 Waste reduction and energy conservation
2.3 Drinking water
2.4 Wastewater
2.5 Stormwater
2.6 Conservation attraction



What it costs

2023/24 Annual Plan	$000
Operating expenditure	313,400
Capital expenditure	209,600

Whanaketanga ōhanga
Economic development

We aim to support economic growth to enhance quality of life.

What we do - an overview

We support Wellington's economic growth in collaboration with WellingtonNZ and others by supporting high-quality events such as concerts festivals and sports matches, promoting tourism, attracting and supporting business and conference activity, and delivering major economic development initiatives.

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

We also support large and small scale economic growth programmes through grant funding, deliver programmes that support businesses to reduce their carbon emissions, and support innovators to develop new climate reduction business opportunities

There is one activity group in this area:

3.1 City promotions and business support.

What it costs

2023/24 Annual Plan	$000
Operating expenditure	56,900
Capital expenditure	6,400

Oranga ahurea
Cultural wellbeing

We aim to strengthen and promote Wellington's unique cultural identity.

What we do - an overview

We provide opportunities to develop the city's cultural landscape to build engaged and curious communities. We provide the key theatrical infrastructure for the performing arts, as well as directly funding several community arts and cultural events, and arts partnerships. Through Experience Wellington, we operate six venues: Wellington Museum, Capital E, Cable Car Museum, Nairn St Cottage, Space Place and City Gallery. We also operate the Toi Pōneke Art Centre and maintain the City Art collection.

We develop and deliver an extensive programme of events throughout the year in collaboration with the sector, including signature events Matariki ki Pōneke and our Summer, Christmas, New Year and Waitangi events

We're investing in the creative sector to maintain our position nationally and internationally as a connected and vibrant, capital.

There is one activity group in this area:

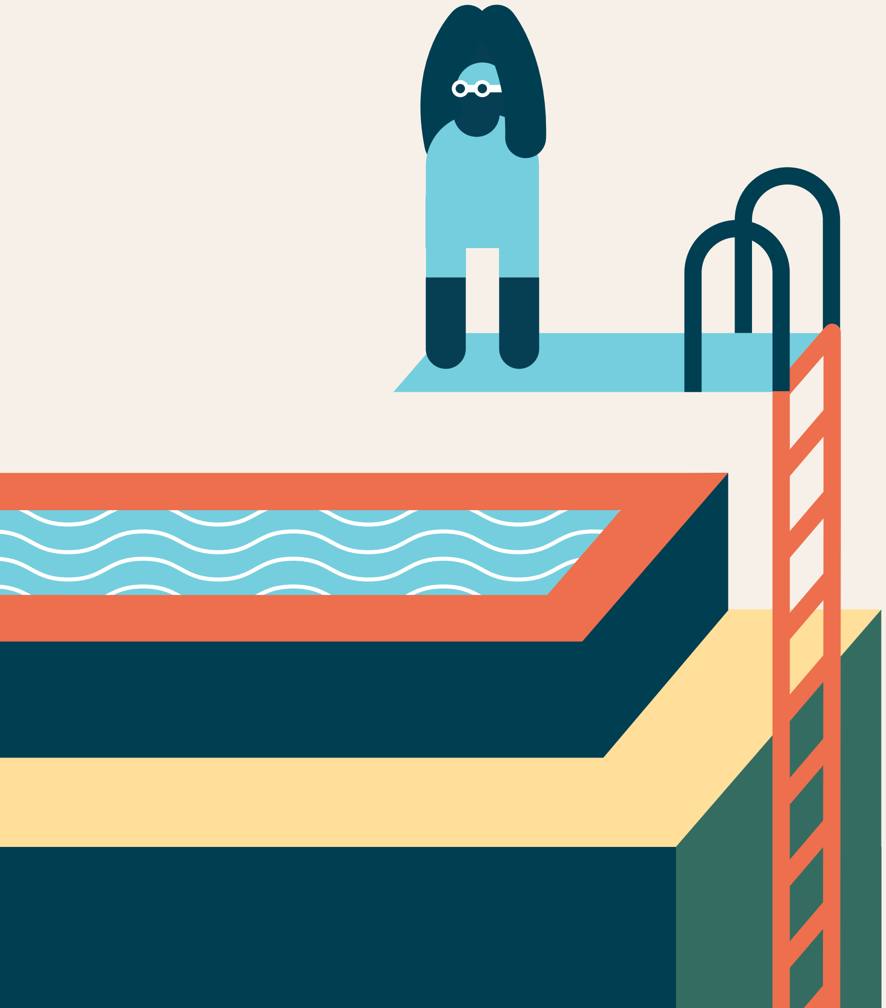
4.1 Arts and cultural activities.

What it costs

2023/24 Annual Plan	$000
Operating expenditure	27,100
Capital expenditure	1,200

Pāpori me te hākinakina
Social and recreation

We aim for strong, healthy communities.



What we do - an overview

Our focus in this area is on recreation provision, social initiatives and community support, and public health and safety.

We deliver programmes that reduce harm and improve perceptions of safety, including graffiti management, and work to ensure we are a welcoming and inclusive, tolerant and healthy city with a strong social infrastructure supporting its residents

People are at the heart of everything we do, from working with the community to provide shelter to end street homelessness and supporting our most vulnerable residents to investing in infrastructure such as libraries, community centres, swimming pools and recreation centres, playgrounds, and sportsfields.

We also regulate alcohol licencing, food safety, and dog registration, provide community funding for social organisations, and support community climate action through education and funding.

We try to make sure people have access to services and activities that contribute to opportunities for them to live healthy lifestyles, realise their potential, and enjoy their city.

There are three groups of activities in this area:

5.1 Recreation promotion and support

5.2 Community support

5.3 Public health and safety

What it costs

2023/24 Annual Plan	$000
Operating expenditure	156,100
Capital expenditure	48,800

Tāone tupu ora
Urban development

We aim for a compact, resilient and attractive city.

What we do – an overview

Our work in this area includes enhancing central city public space, making improvements to the waterfront, laneways and suburban centres and planning for the future growth of the city through the District Plan and Spatial Plan. Through this area we work to make Wellington more accessible.

We also look after heritage in the city, and fulfil regulatory functions including assessing and issuing building and resource consents, ensure earthquake-prone buildings are strengthened.

These activities matter to the lives of individual Wellingtonians and to the community. They enable the city to grow while retaining its unique sense of place and liveability. They also provide the opportunity for people to live, work and play in an urban environment that is attractive and sustainable.

There are two groups of activities in this section:

6.1 Urban planning, heritage and public services development (including waterfront development)

6.2 Building and development control

What it costs

2023/24 Annual Plan	$000
Operating expenditure	59,400
Capital expenditure	64,700

Ngā waka haere
Transport

Connecting people and places.

What we do – an overview

A good transport system should do more than just move people and goods efficiently. It should benefit people's overall quality of life, be accessible and child friendly, support growth and economic productivity, help create healthy urban neighbourhoods that are people focused, and reduce the city's carbon emissions.

Practically, we maintain streets, footpaths, cycleways, bridges and retaining walls; upgrade and build new seawalls; operate, maintain and upgrade street lighting; build and maintain bus lanes, bus stops, and bus shelters; and plan and build minor safety projects such as safe crossing points and intersection improvements. We operate and maintain traffic signals and a network of CCTV cameras, own and operate Kiwi Point Quarry, and operate the Cable Car through a Council-controlled organisation.

We're investing in transport options to maintain easy access in and around our city, in low or zero carbon ways, managing congestion and acting as a catalyst for urban renewal and sustainable growth. Provide electric vehicle charging infrastructure on Council-owned land and support car sharing services with dedicated car parking spots and resident parking permits.

There are two groups of activities in this section:

7.1 Transport

7.2 Parking

What it costs

2023/24 Annual Plan	$000
Operating expenditure	144,000
Capital expenditure	128,500

Ngā hōtaka me ngā kaupapa haumi matua
Key investment projects and programmes

We have a full year of programme and projects planned across all areas of our city. Many are already underway, have been consulted on, decided on by Council or were included as part of the 2021–31 Long-term Plan.

Visit our website to see which projects are in your area: **wellington.govt.nz/annual-plan**

Projects that start this year

Tūpiki Ora Māori Strategy
Begin implementing some of the short-term actions from the Tūpiki Ora Māori Strategy, including:

- Support and develop resources that encourage learning more about the region, mana whenua and Māori histories, identities, landmarks and narratives.
- Support existing cultural initiatives and develop new community-based events.

Ian Galloway Park planning and public toilets
We will commence scoping and early engagement with stakeholders on a plan for the park, this work will include considering the future options for nearby Wilton Park following a significant slip in 2022. Plans for Ian Galloway will include provision of a public toilet at the southern end of the park.

Kilbirnie Park Master Plan and Rec Centre
We are continuing our work to create a master plan for the Kilbirnie Park area. This will include commencing the design of Kilbirnie's destination Skate Park. We will also begin planning the earthquake strengthening and renewal of Kilbirnie Recreation Centre, including reconfiguring toilets to gender neutral.

Grenada North Park Master planning
The planning and design for improvements to Grenada North Park will commence in 2024, and will involve engagement with park users and the community. The project will consider the future passive and active recreation needs at the park to support growth in the north of the city. This is a multiyear project with work expected to start in 2024/25 after planning and design has been completed.

Shed 5
The strengthening and reroofing of Shed 5 is scheduled to commence in early 2024. The building will be closed while the work is completed. It will take about nine months, with completion expected in late 2024.

Karori Pool
In 2024, we will close the pool for its six yearly maintenance. This will renew the operating plant, replace sealant joints and broken tiles in the pool and renew customer facilities. More details on how long the pool will be closed for will be shared closer to the date.

Parking management plans
We will begin consultation on parking management plans in Newtown in mid-2023 and Wadestown in late 2023. These are local plans developed for particular areas to either address local distribution of parking from projects changing the layouts of our streets or to address ongoing localised parking issues.

Speed management plan
The work will start on creating a plan for safer speeds in the city. Implementation of the plan will begin in January 2024 once NZTA certifies the plan.

Paneke Pōneke – Bike network plan

We will start the planning and design phase for Johnsonville to Ngaio, Khandallah Connections, Ngaio to Karori and Kelburn transitional projects.

We will start planning for projects in the central city including Tasman/Tory and Courtney to Waterfront and projects in the North, including Grenada North and Broderick Road.

Water programme

Alongside an extensive three waters programme across the city, we will also be starting:

Watermain Renewal Programme: Newlands and Johnsonville

The first portion of the Watermain Renewal Programme will begin construction. The first to be renewed include three in Newlands. Also be progressing design and procurement for the second phase, which will begin construction next year and includes three watermains in Johnsonville.

Wastewater Network Renewals – Newtown

The first portion of the programme to renew wastewater assets in Newtown will begin in 2023/24. Renewing them will reduce environmental risks, and occurrences of surface water contamination leading to public exposure to untreated wastewater discharging onto land and waterways.

Projects that continue throughout the year

Begonia House Precinct

We will continue to develop the design for a major refresh of the building, its infrastructure, and the plant displays. We'll freshen up the café, improve accessibility, plan for the return of the Botanic Garden Shop, and upgrade the toilets. The construction is planned to commence in mid-2024, and take about two years.

Khandallah Swimming Pool

We have completed the technical reports for the site and will be engaging further with the community on options for the pool and park entrance before reporting back to Council.

Frank Kitts Park redevelopment and Fale Malae

We will develop the design of the park further in support of a resource consent application to be lodged by early 2024. Council will submit consents in relation to the demolition of the car park, Chinese Garden of Beneficence and surrounding park green spaces and play areas. The Council will be required to decide on funding for this project through the 2024-34 Long-term Plan. The Fale Trust will submit a separate yet aligned Resource Consent for the Fale building.

Southern Landfill

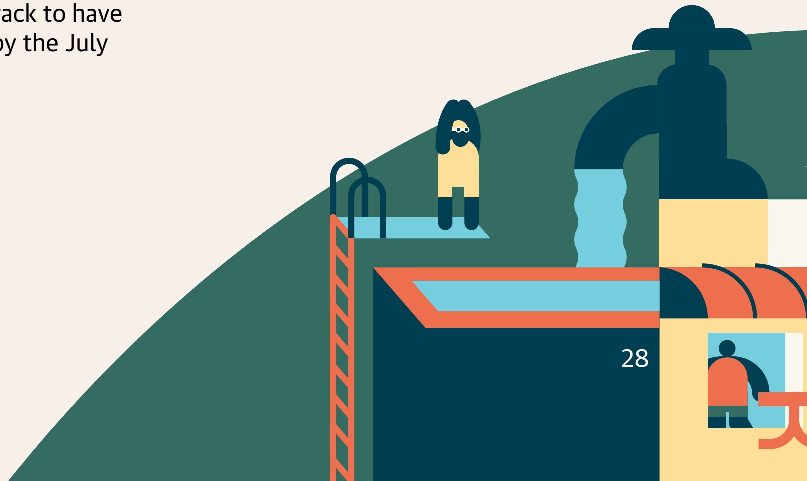
This year, we will finalise the design of the landfill extension, continue the resource consent application process and undertake preliminary works in advance of construction commencing in 2024. The landfill extension is due to be complete and in operation by June 2026.

City Housing

- Upgrade Phase 2: Planning for the second half of the housing portfolio upgrade is underway, comprising of about 1,000 units across 32 sites. By mid-2023, multi-site criteria analysis will be completed and a detailed business case for the programme submitted. Tenders for the first tranche of work will start to go to market in late 2023, pending Council approval of the business case.
- Healthy Homes: We will be continuing the work to bring all our social housing units up to the new Healthy Homes standards. We have finished the investigations into what is needed at all our units and are on track to have all upgrades completed by the July 2024 deadline.

Te Ngākau Civic Square

- Council buildings: Consent for Civic Administration Building has been submitted for demolition. Consent for the demolition on the Municipal Office Building will be submitted in 2023 however the actual demolition will be delayed until 2024-25 year.
- Town Hall: We are continuing the earthquake strengthening work at the Town Hall. This project is due for completion in 2024/25. More information about the stage of this project and the work underway is available on the Council website.
- Te Matapihi Central Library: Construction continues with work due to be completed in early 2026. The rebuild work started in December 2022 and the work in 2023/24 will include the continuation of the re-piling and installing new concrete foundations with base isolators.



Council Emissions Reduction Plan
We will be continuing the conversion of the Council fleet to electric vehicles and working on developing and implementing an action plan for the Council's energy decarbonisation plan.

Climate Change Adaptation
We are creating a Wellington Regional Climate Change Impact Assessment, which will inform the Regional Adaptation Plan that is due December 2024. We will also be engaging with the community on climate risks and impacts (the Climate Adaptation Community Engagement Roadmap), and furthering the development of the Bloomberg-funded digital twin engagement tool.

Climate action support
We will continue to run the Home Energy Saver Programme and start the new business energy saver programme (renamed "Let's Talk Shop), as well as Zero Together (community workshops), the Climate and Sustainability Fund and the Environmental and Accessibility Performance Fund.

Sludge minimisation project
Construction has been approved for the new Sludge Minimisation Facility. Work at the site at the southern end of Stewart Duff Dr is expected to be underway in mid-2023 and completed by 2026. The Council has been approved for funding for the project through the Infrastructure Funding and Finance Act 2020, which in 2023/24 amounts to $126.2m.

Waste minimisation
The proposals for the Regional Waste Management and Minimisation Plan, Resource recovery network expansion, and the Organic processing facility and redesign collection (kerbside) will be out for public consultation in July 2023. Council will make final decision on preferred options and approve for funding through the 2024-34 Long-term Plan.

District Plan
By November 2023, the parts of the plan at relate to intensification become operational through a streamlined process outlined in legislation. The rest of the plan will go through an appeals process before becoming operational in 2025.

Te Kāinga programme
Continue to deliver Te Kāinga rentals. The Council has committed to providing 1,000 apartments over five years. This will be year 3 of the programme and is expected to deliver 78 additional apartments.

Huetepara Park
We will start the development of the public space in Lyall Bay, with toilets and improved visitor experience.

Pōneke Promise
We will continue to investment in improving safety and vibrancy, and reducing harm, in the central city. We will be starting on work on the new Te Aro Precinct public toilets on Inglewood Place, upgrading public spaces in the Te Aro Park area, providing inner-city community spaces, improving vibrancy and sexual violence prevention.

Former Workingmen's Bowling Club Newtown
We have completed our engagement with the community on the future options for the site this work will help inform the design for the site, the next stage with be to advance a plan for area followed by the development of the site.

Three Waters transition
Continue to work on the transition of Three Waters responsibility to new water service entity, with the change-over date to be confirmed.

Central city water upgrades
Alongside an extensive three waters programme across the city, we will also be continuing:

Wastewater pump station and watermain programme: A new watermain up Taranaki Street is the latter part of the first phase of the major CBD Wastewater Renewals Project to renew and upgrade the central city's wastewater network. Wakefield Street and Victoria Street works are forecast to continue into 2023/24.

Paneke Pōneke – Bike network plan
We will complete the transitional installation of 15.3km of the network including: Kilbirnie Connections; Aro Connections; Thorndon Connections; and Ngaio Connections. Following a period of review and community feedback, work will begin to plan for the permanent installation of the cycleways across future years.

We will complete the business cases and consultation for Wadestown to Thorndon, Botanic to Karori, and Berhampore to Newtown Transitional cycleways. Some physical works will then take place on these projects throughout the year.

We will continue with physical works on Evans Bay Stage 1 and complete the detailed planning and start physical works on Evans Bay stage 2 and Brooklyn to City.

We will start and complete the business case for Tawa to Johnsonville.

Charged-Up Capital
Continuing the installation of EV chargers across the city, with another 15 chargers installed this year, building on the 11 chargers installed in the last financial year.

44 Frederick Street Urban Park
This year we will begin the planning and design phases for the park. The concept design will be done with key stakeholders, with public engagement to commence once the land purchase negotiations are finalised. Construction is expected to be completed in 2025/26.

Cuba Street playground
The upgrade of the Cuba Street Playground will be completed by June 2024. The design of the playground will be developed together with mana whenua, rangatahi and tamariki. The new playground will provide great play opportunities for young children, while encouraging other members of the community to benefit from it. The design will include play elements weaving in storytelling, reflecting the site's proximity to Waimapihi Stream and Te Aro Pā.

Let's Get Wellington Moving
- Transformational programme: Development of detailed business case for mass rapid transit, basin reserve, and second Mt Victoria tunnel.
- Golden Mile: Finalise the design and begin construction in late 2023. The Golden Mile project aims to improve bus reliability and provide opportunities for walking, cycling, and more open spaces. This means better lighting, wider footpaths, more public seating, outdoor dining opportunities and more.
- People Friendly City Streets: Aimed to create better walking, cycling, and public transport provision to have safer and more convenient connections between Wellington City and suburban centres. Any improvements will be consulted on, with phase one construction due to begin in 2023.
- Thorndon Quay and Hutt Road: Finalise the design and construction begins on walking, cycling, bus priority and safety improvements including new Aotea Quay roundabout.

Projects that finish this year

Omāroro Reservoir Area
The back-filling of the area surrounding the reservoir is underway. Playing field restoration and landscaping is due to be completed in 2023, followed by a five-year period for landscaping defect correction at the site.

Taranaki Street New Pump Station
Alongside an extensive three waters programme across the city, we will also be finishing the installation of a new pump station in Inglewood Place off Taranaki Street. This, alongside construction of a new rising main up Taranaki Street, is the first phase of the major CBD Wastewater Renewals.

Te Whaea/Tawhiri Project
Upgrade and renewal works in the Tawhiri space include a replacement roof, upgraded patron toilets and performer changing spaces, along with increased building floor structure for tiered seating and a stage area. Works are scheduled to allow the space to be used for the 2024 Festival of the Arts in early 2024.

Karori Community Hall
The Karori Community Hall has been gifted to Council by the Karori Event Centre Trust. The Council has agreed to complete the internal fit out of the building alongside any work required to achieve compliance. This will create a hall that can be used by the community. It is intended that this work will be completed by the end of 2024. An estimate of the costs to complete the fit out of the building will be provided by August 2023 allowing the project to move into the design phase.

Granville Flats
Currently underway on working towards handing back of the Granville apartments site to Wellington Tenths Trust by May 2024. Involves re-housing 107 properties, demolition of buildings and clearing the site. All tenants will be rehoused in alternative Council homes by December 2023.

Frank Kitts Park Playground
The project has been paused as we are unable to proceed with the current design after it became clear it could not be delivered within budget, given the increasing costs resulting from the original contractor going into liquidation and wider construction market inflation. An update on this project and any decision on work in the 2023/24 year is expected by the end of September.

Town Centre and street upgrades

Island Bay Town Centre: The public space upgrade has been designed in collaboration with a local working group. The project includes better places for people to gather, public seating, resurfacing, lighting upgrades, murals, planting and more space for local businesses to extend out into the public space. It will also integrate with the proposed cycleway and safety upgrade work. Detailed design will be completed in June 2023, with construction beginning August 2023 and expected to end early 2024.

Berhampore Town Centre: The public space upgrade to the Berhampore Town Centre has been developed with a public working group. The project is now moving into the detailed design phase. It will include tactical upgrades and minimal earthworks by creating better spaces for the community to gather, street art new planting and seating. Construction will be coordinated with the Paneke Pōneke Bike Network Plan project beginning in mid 2023 and complete in late 2023 (as phase 1 of the wider Newtown-Berhampore transitional cycleway and parking management implementation).

Pārongo ahumoni
Financial information

Tauākī whakapuakanga mahere ā-tau mō te tau mutunga 30 o Hune 2023

Annual Plan disclosure statement for year ending 30 June 2023

What is the purpose of this statement?

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

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

Benchmark		Planned	Met
Rates affordability benchmark			
• Income	Quantified limit $475m	$480m	No
• Increases	Quantified increase limit 10.5%	12.3% increase	No
Debt affordability benchmark	Net closing debt over operating income 225%	176%	Yes
Balanced budget benchmark	100%	106%	Yes
Essential services benchmark	100%	239%	Yes
Debt servicing	10%	7%	Yes

Rates affordability benchmark

1. For this benchmark:
   a. the Council's planned rates income for the year is compared with a quantified limit on rates contained in the financial strategy included in the Council's LTP; and
   b. the Council's planned rates increases for the year are compared with a quantified limit on rates increases for the year contained in the financial strategy included in the council's Long-term Plan.
2. The Council meets the rates affordability benchmark if:
   a. its planned rates income for the year equals or is less than each quantified limit on rates; and
   b. its planned rates increases for the year equal or are less than each quantified limit on rates increases.

Debt affordability benchmark

1. For this benchmark, the Council's planned borrowing is compared with a quantified limit on borrowing contained in the financial strategy included in the Council's Long-term Plan.
2. The Council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing.

Balanced budget benchmark

1. For this benchmark, the Council's planned revenue (excluding development contributions, vested assets, financial contributions, gains on derivative financial instruments, and revaluations of property, plant, or equipment) is presented as a proportion of its planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).
2. The Council meets the balanced budget benchmark if its revenue equals or is greater than its operating expenses.

Essential services benchmark

1. For this benchmark, the Council's planned capital expenditure on network services is presented as a proportion of expected depreciation on network services.
2. The Council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.

Debt servicing benchmark

1. For this benchmark, the Council's planned borrowing costs are presented as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).
2. Because Statistics New Zealand projects that the Council's population will grow slower than the national population growth rate, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 10% of its planned revenue.

Ngā utu me ngā nama kaiwhakamahi
Fees and user charges

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

A breakdown of changes to user fees and charges can be found in our online appendices at **www.wellington.govt.nz/annual-plan.**

Ngā tauākī pānga pūtea
Funding impact statements

Funding impact statement for whole of Council ($000s)

	2022/23 AP	2023/24 LTP	2023/24 AP	Notes
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	270,117	291,055	286,872	
Targeted rates (other than a targeted rate for water supply)	156,236	188,780	194,238	1
Subsidies and grants for operating purposes	9,558	9,701	19,599	
Fees and charges	167,109	162,669	175,548	
Interest and dividends from investments	1,913	10,913	10,913	
Local authorities fuel tax, fines, infringement fees, and other receipts	11,874	12,122	11,876	
Total operating funding (A)	**616,807**	**675,239**	**699,047**	
Applications of operating funding				
Payments to staff and suppliers	448,360	427,941	500,777	2
Finance costs	41,375	44,881	60,972	3
Other operating funding applications	49,085	57,858	59,384	
Total applications of operating funding (B)	**538,820**	**530,680**	**621,133**	
Surplus (deficit) of operating funding (A-B)	**77,988**	**144,559**	**77,914**	

	2022/23 AP	2023/24 LTP	2023/24 AP	Notes
Sources of capital funding				
Subsidies and grants for capital expenditure	30,719	32,195	166,011	4
Development and financial contributions	3,500	3,500	3,500	
Increase (decrease) in debt	307,566	199,008	308,807	5
Gross proceeds from sales of assets	2,000	2,000	9,834	
Lump sum contributions	0	0	0	
Total sources of capital funding (C)	**343,786**	**236,703**	**488,152**	
Applications of capital funding				
Capital expenditure				
- to meet additional demand	61,756	44,766	56,334	
- to improve level of service	200,126	179,881	354,436	
- to replace existing assets	160,040	156,525	155,296	
Increase (decrease) in reserves	(148)	89	(0)	
Increase (decrease) in investments	0	0	0	
Total applications of capital funding (D)	**421,773**	**381,262**	**566,066**	
Surplus (deficit) of capital funding (C-D)	**(77,988)**	**(144,559)**	**(77,914)**	
Funding balance ((A-B) + (C-D))	**0**	**0**	**0**	
Expenses for this activity grouping include the following depreciation/amortisation charge	187,605	181,581	196,468	

Notes

1. *Targeted rates which include targeted water rates have increased due to the temporary change in funding approach for depreciation on water, sewerage and stormwater (3 waters) network assets due to the unexpected and un-forecasted increase in the 3 waters revaluation of assets at 30 June 2022, which saw a significant increase in value, and subsequent increase in depreciation. Council resolved to fund the depreciation on the 3 waters assets based on the capital renewals of the 3 waters assets for 2022/23 and 2023/24.*
2. *Payments to staff and suppliers has increased due to continuing increased costs to deliver existing services, insurance and inflationary pressures.*
3. *Finance costs have increased due an increase in the cost of borrowings and an increase in borrowings.*
4. *Subsidies and grants for capital expenditure has increased due to the Infrastructure and Financing Funding for the Sludge Minimisation Facility.*
5. *The increase in debt is due to borrowing for capital expenditure.*

2023/24Annual Plan Funding Impact Statement – rating mechanisms

Rates

Rates are a property tax to fund local government activities. Rates are assessed under the Local Government (Rating) Act 2002 (the Act) on rating units in the Rating Information Database. Where rates requirements are allocated based on a rating unit's value, the rateable value will be the capital value as assessed by the Council's valuation services provider. The latest city-wide revaluation was carried out as at 1 September 2021. This revaluation remains effective through until the 2023/24 rating year, except where subsequent maintenance valuations have been required under valuation rules or the Council's rating policies.

City-wide revaluations are performed every three years. The 1 September 2021 revaluation was effective for the 2021/22 rating year and the two consecutive rating years, 2022/23 and 2023/24 (subject again to subsequent maintenance valuations).

Policy objective:

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

General rates

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

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

The general rate is set on a differential basis, based on the use to which the land is put and/or the zoning. All rating units (or part thereof) will be classified for the purposes of general rates within one of the following differential rating categories.

Differential rating categories

Base differential

The Base differential rating category shall be applied to the following rating units:

a. Separately rateable land used for one or more household units; excluding those properties that provide short stay (28 days or less) commercial accommodation for which a tariff is charged
b. Vacant land zoned residential
c. Land used as farmland and lifestyle blocks which is included in the rural activity area in the District Plan
d. Farmland is defined as land used exclusively or principally for agricultural, horticultural, pastoral or silvicultural purposes, or for the keeping of bees or poultry or other livestock but excluding commercial dog kennels or catteries.
e. Separately rateable land occupied by a charitable organisation which is deemed by the Council to be used exclusively or principally for sporting, recreation or community purposes and that does not generate any private pecuniary benefit.

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

Commercial, Industrial and Business Differential

The Commercial, Industrial and Business differential rating category shall be applied to the following rating unit:

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

This category has a general rate differential rating factor of 3.7.

Differential rating category conditions

Differential rating 3.7:1 Commercial, Industrial and Business: Base

- The differential apportionment for the Commercial, Industrial and Business differential is 3.7 times the rate per dollar of capital value payable by those properties incorporated under the Base differential.
- Where a rating unit has more than one land use the rating unit may be 'divided' so that each part may be differentially rated based on the land use of each part.

A rating unit will be differentially rated where a division of the rating unit is established, based on the use to which the land is put and/or the zoning. A division will be established where:

- a rating unit has a value of greater than $800,000 or
- the minority use(s) account for more than 30 percent of the total capital value of the rating unit

If neither of these criteria are met no division will take place, and the rating category will be established on the primary use of the rating unit.

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

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

a. The time at which the Council gives final approval of the completed works, or
b. The property is deemed (by the Council) to be available for its intended use.

   i. In situations where the change in land use does not require a Council consent, but warrants a change in differential rating category, the onus is on the ratepayer to inform the Council prior to the property being utilised under the new use.
   ii. The differential rating category of all rating units must be set prior to the commencement of a rating year and will remain in place for that entire rating year. Any change in circumstances that results in a change of differential rating category during a rating year will apply from 1 July of the following rating year.
   iii. Any property eligible for mandatory 50 percent non-rateability under Part 2, Schedule 1, of the Act, will be first classified under the appropriate general rate differential classifications and the non-rateability applied to that rate.

Uniform annual general charge

The Council does not assess a uniform annual general charge.

Non-rateable land

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

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

Targeted rates
Targeted rates are set under section 16, 17, 18 and 19, and schedules 2 and 3 of the Act.

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

The differential rating categories described above are unitised and referred to in a number of targeted rates.

Sewerage Targeted Rate
Targeted sewerage rates are to be apportioned 60:40 percent of rates between properties incorporated under the base differential and the commercial, industrial and business differential in accordance with the Revenue and Financing Policy.

This rate is set to pay for the cost of the provision and maintenance of the sewage collection and disposal network, and sewage treatment facilities for the city.

This rate is assessed on all rating units connected to the public sewerage drain.

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

Sewerage targeted rate is calculated as follows:

- For rating units incorporated in the Commercial, Industrial and Business differential rating category:
  - A rate per dollar of capital value on all rating units connected to a public sewerage drain, to collect 40 percent of the required rates funding, after having deducted the total dollar amount budgeted to be collected through Trade Waste Charges (excluding consent fees).
- For rating units incorporated in the Base differential rating category:
  - A fixed amount per annum per rating unit, plus a rate per dollar of capital value on all rating units connected to a public sewerage drain, to collect 60 percent of the required rate funding.

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

This rate is set to pay for the provision and maintenance of water collection and treatment facilities, the water distribution network and water conservation for the city.

This rate is assessed on all rating units connected to the public water supply.

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

Water targeted rate is calculated as follows:

- For rating units incorporated in the Commercial, Industrial and Business differential rating category, either:
  - A consumption unit rate per cubic metre of water used for all rating units connected to the public water supply with a water meter installed, plus a fixed amount per annum per rating unit.

    Or
  - A rate per dollar of capital value on all rating units connected to the public water supply, without a water meter installed.
- For rating units rated incorporated in the Base differential rating category, either:
  - A consumption unit rate per cubic metre of water used for all rating units connected to the public water supply with a water meter installed, plus a fixed amount per annum per rating unit.

    Or
  - A fixed amount per annum per rating unit, plus a rate per dollar of capital value on all rating units connected to the public water supply without a water meter installed.

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

This rate is set to pay for the provision and maintenance of the stormwater collection/disposal network for the city.

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

Stormwater targeted rate is calculated as follows:

For the Commercial, Industrial and Business differential rating category:

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

For the Base differential rating category:

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

Base Sector Targeted Rate
This rate is set to pay for activities where the Council's Revenue and Financing Policy identifies that the benefit can be attributed to properties incorporated under the Base differential rating category.

This incorporates the following activities:

- 100 percent of the facilitation of cultural grants, facilitation of recreation partnerships and community advocacy activities.
- 95 percent of the provision of community centres and halls activities.

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

Commercial Sector Targeted Rate
This rate is set to pay for activities where the Council's Revenue and Financing Policy identifies that the benefit can be attributed to properties incorporated in the Commercial, Industrial and Business differential rating category.

This incorporates the following activity:

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

This rate is assessed on all properties incorporated in the Commercial, Industrial and Business differential rating category and is calculated on a rate per dollar of rateable capital value.

Downtown Targeted Rate
This rate is set to pay for tourism promotion.

This incorporates the following activities:

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

This rate is assessed on all properties incorporated in the Commercial, Industrial and Business differential rating category in the downtown area and is calculated on a rate per dollar of rateable capital value. For the purposes of this rate, the downtown area refers to the area as described by the Downtown Area map as follows:

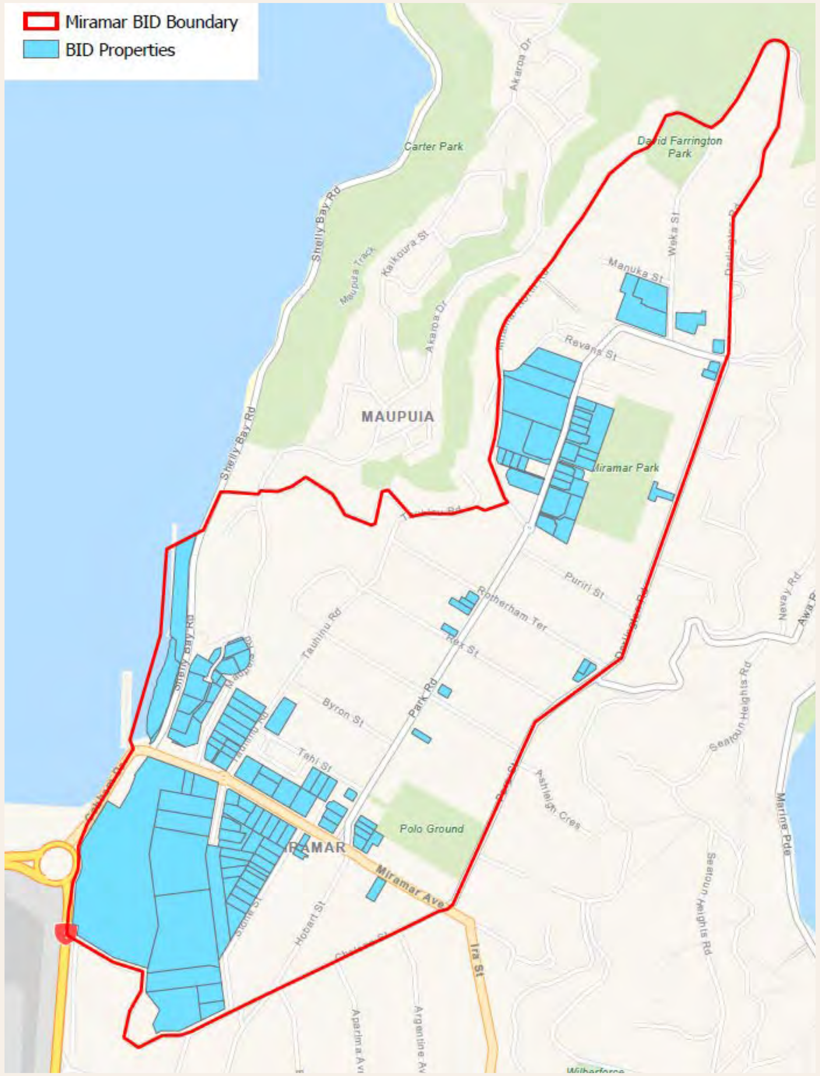
The graphic shows the boundaries of the downtown targeted rate.

Miramar Business Improvement District Targeted Rate

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

This rate is set is on all rating units within the Miramar Business Improvement District (see map) which are subject to the Commercial, Industrial and Business differential rating category.

This rate is calculated as a fixed amount per rating unit, plus a rate per dollar of rateable capital value.



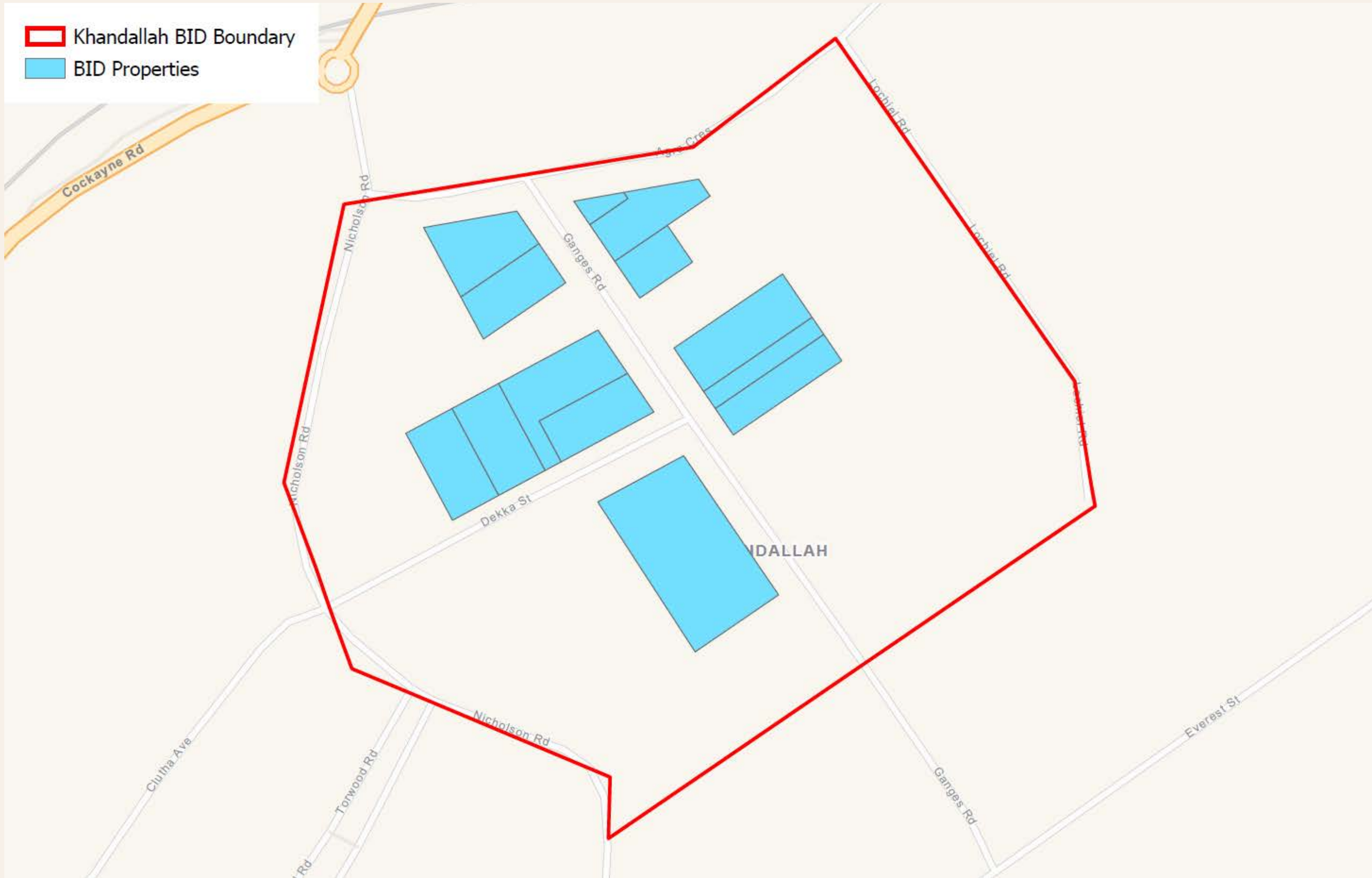
The graphic shows the boundaries of the Miramar BID.

Khandallah Business Improvement District Targeted Rate

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

This rate is assessed on all rating units within the Khandallah Business Improvement District (see map) which are subject to the Commercial, Industrial and Business differential rating category.

This rate is calculated as a rate per dollar of rateable capital value.



The graphic shows the boundaries of the Khandallah BID.

Kilbirnie Business Improvement District Targeted Rate

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

This rate is set on all rating units within the Kilbirnie Business Improvement District (see map) which are subject to the Commercial, Industrial and Business differential rating category.

This rate is calculated as a fixed amount per rating unit, plus a rate per dollar of rateable capital value.

The graphic shows the boundaries of the Kilbirnie BID

Tawa Driveways Targeted Rate

This rate is set to pay for the maintenance of a specified group of residential access driveways in the suburb of Tawa, overseen by the Council.

This rate is assessed on a specific group of rating units that have shared access driveway that are maintained by Council in the former Tawa Borough.

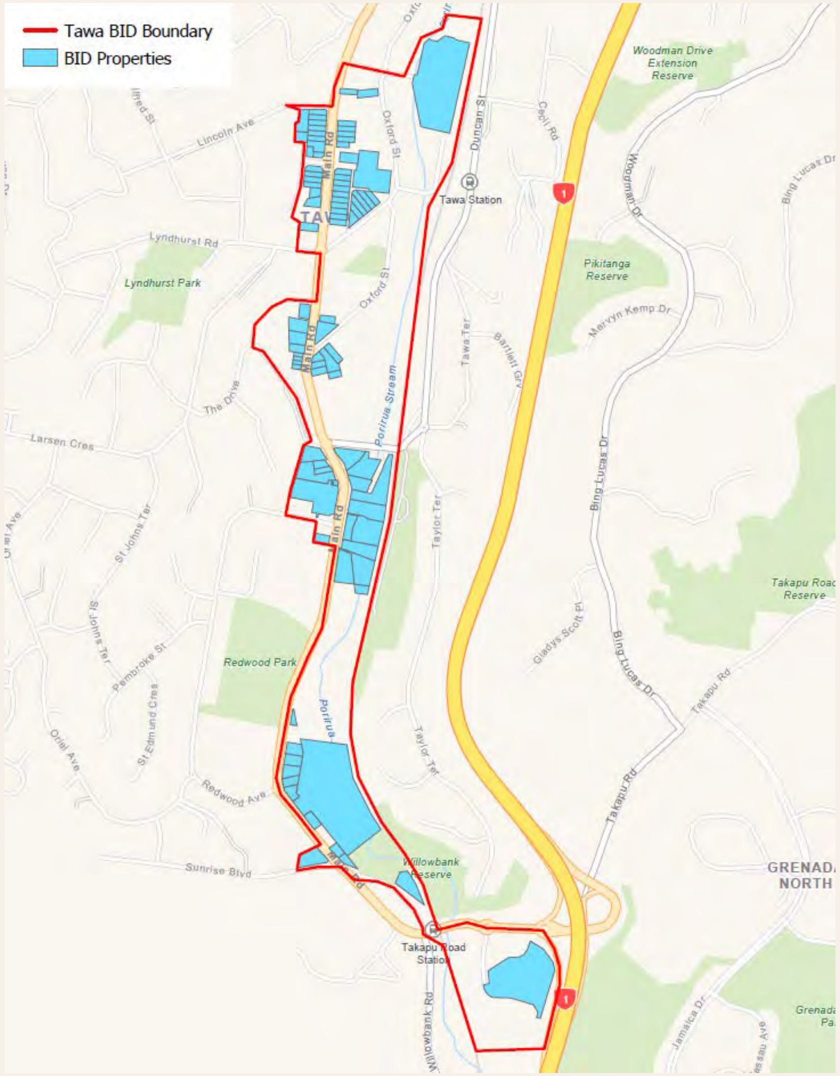
The rate is calculated at a fixed amount per annum per rating unit.

Tawa Business Improvement District Targeted Rate

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

This rate is assessed on all rating units within the Tawa Business Improvement District area (see map) which are subject to the Commercial, Industrial and Business differential rating category.

This rate is calculated as a fixed amount per rating unit, plus a rate per dollar of rateable capital value.



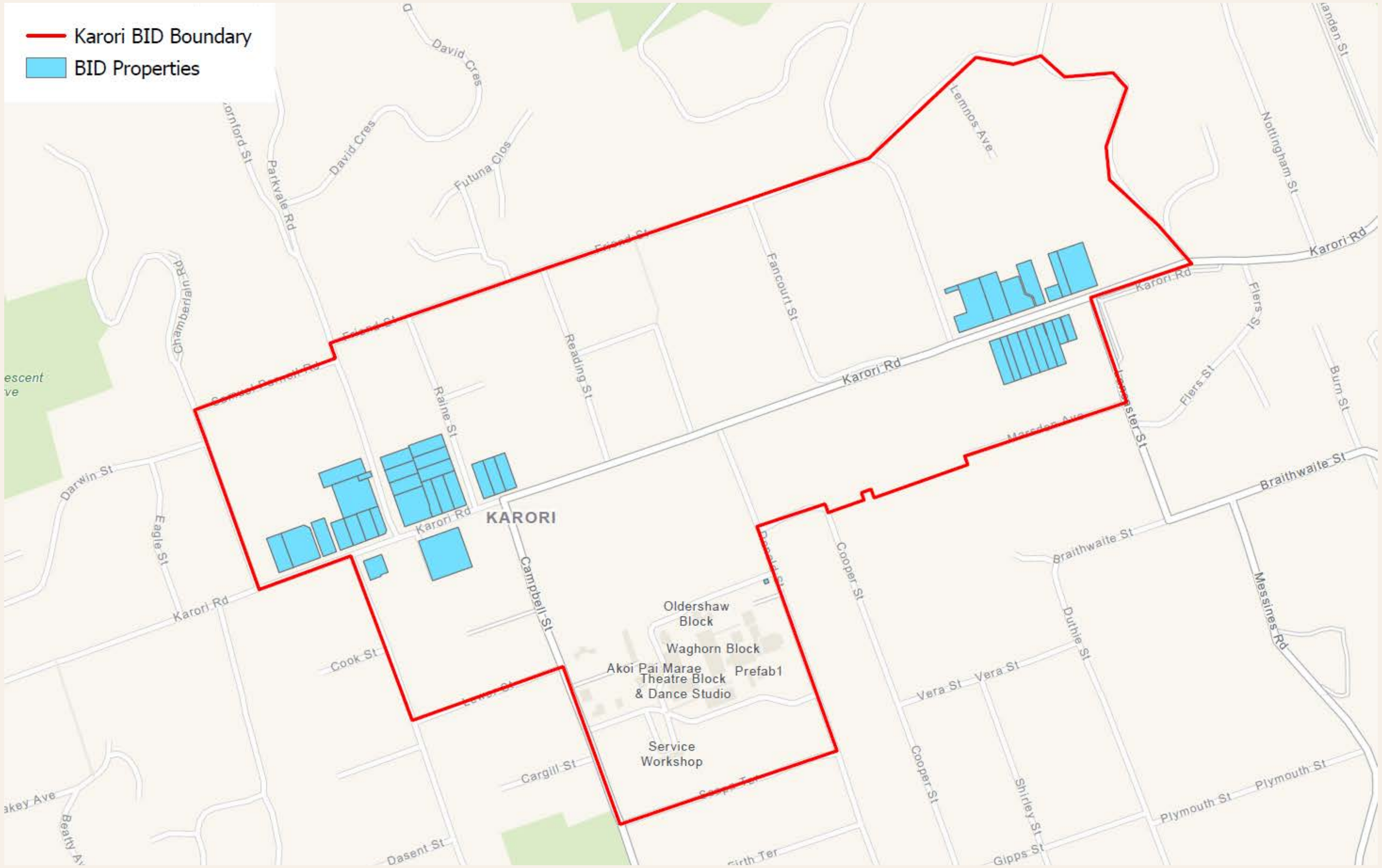
The graphic shows the boundaries of the Tawa BID.

Karori Business Improvement District Targeted Rate

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

This rate is assessed on all rating units within the Karori Business Improvement District area (see map) which are subject to the Commercial, Industrial and Business differential rating category.

This rate is calculated as a rate per dollar of rateable capital value.



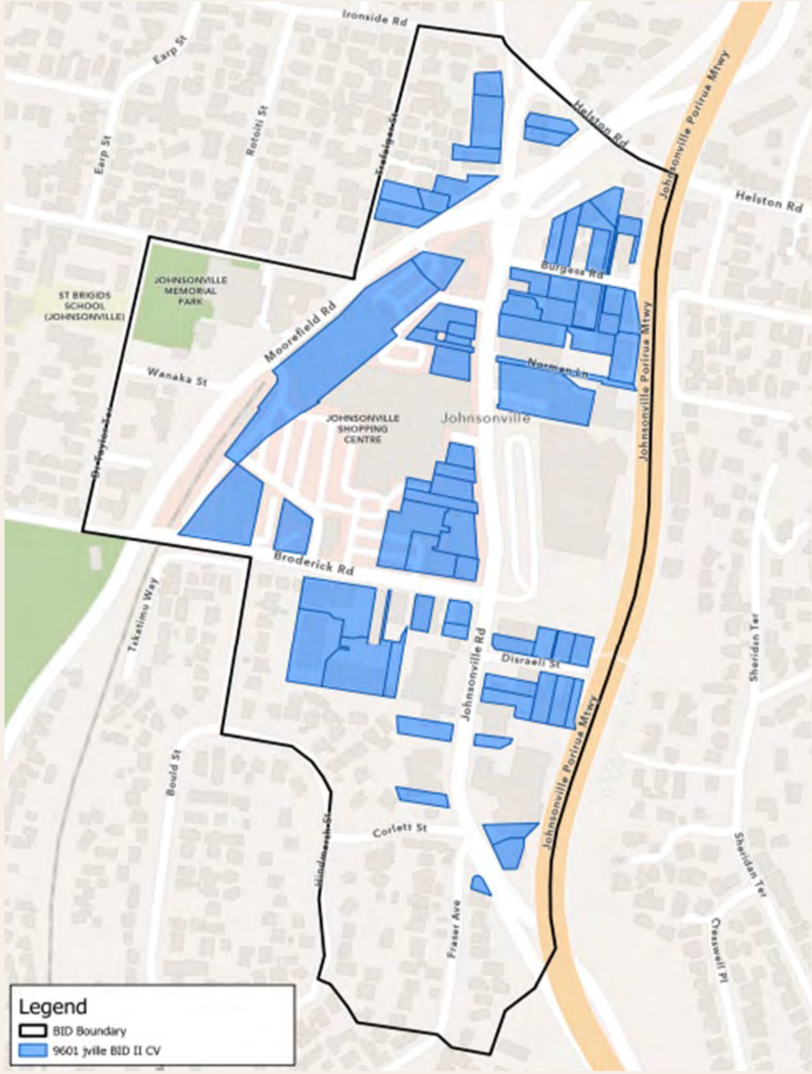
The graphic shows the boundaries of the Karori BID.

Johnsonville Business Improvement District Targeted Rate

This rate is set by Council to fund the Business Improvement District activities of the Johnsonville business network.

This rate is assessed on all rating units within the Johnsonville Business Improvement District area (see map) which are subject to the Commercial, Industrial and Business differential rating category.

This rate is calculated as a fixed amount per rating unit, plus a rate per dollar of rateable capital value.



The graphic shows the boundaries of the Johnsonville BID.

2023/24 Funding Impact Statement – Rates Funding Statement (excluding GST)

Rate	Category	Factor	Differential Charge Type	Total Value of Factor	Rate/charge*	Rates yield GST Exclusive
General Rate	Base	Capital Value	Base differential	$95,798,143,000	¢0.168632	$161,546,325
	Commercial, Industrial and Business	Capital Value	Commercial, industrial and business differential	$19,905,313,000	¢0.623160	$124,041,948
	Total					**$285,588,273**
Sewerage targeted rate	Base	Fixed amount/rating unit	Base differential per connection status	71637 properties	$121.15	$8,678,551
		Capital Value	Base differential per connection status	$99,376,622,000	¢0.030808	$30,615,950
	Commercial, Industrial and Business	Capital Value	Commercial, industrial and business differential per connection status	$16,909,132,000	¢0.149576	$25,292,003
	Total					**$64,586,504**
Water targeted rate	Base	Fixed amount/rating unit	Base differential per connection status without a water meter	62575 properties	$243.42	$15,232,007
		Capital Value	Base differential per connection status without a water meter	$84,237,829,000	¢0.029382	$24,750,759
	Base	Consumption unit charge	Base differential per connection status with a water meter	n/a	$4.091/m^3	$954,703
		Fixed amount/rating unit	Base differential per connection status with a water meter	n/a	$197.83	$124,237

Rate	Category	Factor	Differential Charge Type	Total Value of Factor	Rate/charge*	Rates yield GST Exclusive
	Commercial, Industrial and Business	Capital Value	Commercial, industrial and business differential per connection status without a water meter	$1,049,288,000	¢0.365581	$3,835,998
	Commercial, Industrial and Business	Consumption unit charge	Commercial, industrial and business differential per connection status with a water meter	n/a	$4.091/m³	$22,912,861
		Fixed amount/rating unit	Commercial, industrial and business differential per connection status with a water meter	n/a	$197.83	$625,934
	Total					**$68,436,498**
Stormwater targeted rate	Base	Capital Value	Base differential (excluding land defined in the rural activity area)	$94,219,235,000	¢0.021132	$19,910,409
	Commercial, Industrial and Business	Capital Value	Commercial, industrial and business differential (excluding land defined in the rural activity area)	$17,924,720,000	¢0.032246	$5,780,005
	Total					**$25,690,414**
Base sector targeted rate	Base	Capital Value	Base differential	$95,929,595,000	¢0.012954	$12,426,720
Commercial sector targeted rate	Commercial, Industrial and Business	Capital Value	Commercial, industrial and business differential	$19,765,260,000	¢0.026390	$5,216,052
Downtown targeted rate	Commercial, Industrial and Business	Capital Value	Commercial, industrial and business differential located in the downtown area	$13,191,911,000	¢0.131672	$17,370,053

Rate	Category	Factor	Differential Charge Type	Total Value of Factor	Rate/charge*	Rates yield GST Exclusive
Tawa driveways targeted rate	Base	Fixed amount/rating unit	Shared residential access driveways maintained by Council in the suburb of Tawa (extent of provision of service)	257 properties	$133.33	$34,266
Karori Business Improvement District targeted rate	Commercial, Industrial and Business	Capital Value	Commercial, industrial and business differential located in the Karori Business Improvement District area	$73,526,000	¢0.081604	$60,000
Khandallah Business Improvement District targeted rate	Commercial, Industrial and Business	Capital Value	Commercial, industrial and business differential located in the Khandallah Business Improvement District area	$27,491,000	¢0.072751	$20,000
Kilbirnie Business Improvement District targeted rate	Commercial, Industrial and Business	Fixed amount/rating unit	Commercial, industrial and business differential located in the Kilbirnie Business Improvement District area	210 properties	$500.00	$105,000
		Capital Value	Commercial, industrial and business differential located in the Kilbirnie Business Improvement District area	$607,208,000	¢0.007411	$45,000
	Total					**$150,000**
Tawa Business Improvement District targeted rate	Commercial, Industrial and Business	Fixed amount/rating unit	Commercial, industrial and business differential located in the Tawa Business Improvement District area	71 properties	$520.00	$36,920
		Capital Value	Commercial, industrial and business differential located in the Tawa Business Improvement District area	$197,614,000	¢0.029391	$58,080
	Total					**$95,000**

Rate	Category	Factor	Differential Charge Type	Total Value of Factor	Rate/charge*	Rates yield GST Exclusive
Miramar Business Improvement District targeted rate	Commercial, Industrial and Business	Fixed amount/rating unit	Commercial, industrial and business differential located in the Miramar Business Improvement District area	122 properties	$365.00	$44,530
		Capital Value	Commercial, industrial and business differential located in the Miramar Business Improvement District area	$414,302,150	¢0.011099	$45,985
	Total					**$90,515**
Johnsonville Business Improvement District targeted rate	Commercial, Industrial and Business	Fixed amount/rating unit	Commercial, industrial and business differential located in the Johnsonville Business Improvement District area	81 properties	$520.00	$42,120
		Capital Value	Commercial, industrial and business differential located in the Johnsonville Business Improvement District area	$306,464,000	¢0.017255	$52,880
	Total					**$95,000**
Total rates requirement (excluding GST)						**$479,859,295**

**Note: When rates for 2023/24 are assessed, GST will be applied to the final rates. The total rates requirement includes rates remissions but excludes rates penalties which are budgeted separately.*

The total rates requirement (excluding GST) differs from the revenue from rates in Forecast Statement of Comprehensive Revenue and Expense as the revenue from rates includes penalties not included in this statement.

Rates Increases

	2024			Year on Year % change		
	Commercial	Base	Total	Commercial	Base	Total
General Rate	124,041,948	161,546,325	285,588,273	6.6%	6.0%	6.2%
Water Rate	27,374,792	41,061,705	68,436,498	36.3%	36.3%	36.3%
Sewerage Rate	25,292,003	39,294,500	64,586,504	38.6%	37.1%	37.7%
Stormwater Rate	5,780,005	19,910,409	25,690,414	-11.4%	-11.4%	-11.4%
Sector Targeted	5,216,052	12,426,720	17,642,772	-3.0%	22.0%	13.4%
Downtown Targeted	17,370,053	0	17,370,053	22.9%		22.9%
BIDs and Tawa Driveways	510,515	34,266	544,781	23.4%	0%	21.7%
Total	205,585,369	274,273,924	479,859,295	13.5%	12.4%	12.9%
Growth per sector				0.6%	0.6%	0.6%
Rates increase per sector after growth				12.9%	11.8%	12.3%

Indicative rates

The following table shows the indicative residential and commercial property rates inclusive of GST for a selection of billing categories, based on the 2023/24 budget:

Indicative residential property (for properties without a water meter)			Indicative suburban commercial property rates (for properties with a water meter)*			Indicative downtown commercial property rates (for properties with a water meter)*		
Capital Values	2023/24 Proposed Rates	Increase over 2022/23	Capital Values	2023/24 Proposed Rates	Increase over 2022/23	Capital Values	2023/24 Proposed Rates	Increase over 2022/23
400,000	1,629	13.98%	1,000,000	9,788	9.29%	1,000,000	11,303	10.63%
500,000	1,931	13.51%	1,250,000	12,178	9.19%	1,250,000	14,071	10.55%
600,000	2,233	13.16%	1,500,000	14,569	9.12%	1,500,000	16,840	10.49%
700,000	2,536	12.90%	1,750,000	16,959	9.08%	1,750,000	19,609	10.45%
800,000	2,838	12.69%	2,000,000	19,349	9.04%	2,000,000	22,378	10.42%
900,000	3,140	12.53%	2,250,000	21,739	9.01%	2,250,000	25,146	10.40%
1,000,000	3,443	12.39%	2,500,000	24,129	8.99%	2,500,000	27,915	10.38%
1,100,000	3,745	12.28%	2,750,000	26,520	8.97%	2,750,000	30,684	10.37%
1,200,000	4,047	12.18%	3,000,000	28,910	8.95%	3,000,000	33,453	10.35%
1,300,000	4,350	12.10%	3,250,000	31,300	8.94%	3,250,000	36,221	10.34%
1,400,000	4,652	12.02%	3,500,000	33,690	8.93%	3,500,000	38,990	10.33%
1,500,000	4,954	11.96%	3,750,000	36,080	8.92%	3,750,000	41,759	10.32%
1,600,000	5,257	11.91%	4,000,000	38,471	8.91%	4,000,000	44,528	10.32%
1,700,000	5,559	11.86%	4,250,000	40,861	8.90%	4,250,000	47,296	10.31%
1,800,000	5,861	11.81%	4,500,000	43,251	8.90%	4,500,000	50,065	10.30%
1,900,000	6,164	11.77%	4,750,000	45,641	8.89%	4,750,000	52,834	10.30%
2,000,000	6,466	11.73%	5,000,000	48,031	8.88%	5,000,000	55,603	10.30%

Excludes water by consumption which are charged based on consumption.

Projected property information

Projected property information at 30 June 2023	
Rating units	81,656
Capital value	$124,201,005,150
Land value	$78,997,314,801

Ngā tauākī ā-pūtea
Financial statements

Forecast Statement of Comprehensive Revenue and Expense for the year 2023/24 ($000's)

	2022/23 Annual Plan	2023/24 Annual Plan	Variance
Revenue			
Rates	426,357	481,110	54,753
Development contributions	3,500	3,500	0
Grants, subsidies and reimbursements[1]	40,277	184,634[1]	144,357
Operating activities	167,489	174,811	7,322
Investments	12,294	22,427	10,133
Fair value movement on investment property revaluation	7,046	13,883	6,837
Vested asset revenue	0	100	100
Other revenue	1,100	1,963	862
Finance revenue	13	13	0
Total revenue	**658,077**	**882,440**	**224,363**
Expense			
Finance expense	41,375	60,972	19,597
Expenditure on operating activities	497,220	560,161	62,941
Depreciation and amortisation	187,605	196,468	8,863
Total expense	**726,200**	**817,601**	**91,401**
Net surplus for the year	**(68,123)**	**64,840**	**132,963**

	2022/23 Annual Plan	2023/24 Annual Plan	Variance
Other comprehensive income			
Fair value movement – property, plant and equipment (net)	0	0	0
Share of equity accounted surplus from associates			
Total other comprehensive income	**0**	**0**	**0**
Total comprehensive income for the year	**(68,123)**	**64,840**	**132,963**

Notes

[1] Revenue from grants, subsidies and reimbursements includes $126.2m of Infrastructure & Financing Funding for the Sludge Minimisation Facility. The Council recognises the funding as revenue in accordance with GAAP. As the funding is received for capital purposes, it cannot be used to offset the rates requirement. This is recognised as Capital Revenue which is used to fund the cost of the project.

Prospective Statement of Financial Position for the year 2023/24 ($000's)

	2022/23 Annual Plan	2023/24 Annual Plan	Variance
Assets			
Current assets			
Cash and cash equivalents	26,481	40,330	13,849
Investments	112,500	205,716	93,216
Receivables and recoverables	69,915	87,324	17,409
Inventories	787	944	157
Other financial asset	0	0	0
Prepayments	19,123	22,426	3,303
Total current assets	**228,806**	**356,741**	**127,935**
Non-current assets			
Derivatives – non-current assets	7,821	58,191	50,370
Other financial assets	19,581	29,297	9,716
Intangible Assets	41,617	50,832	9,215
Investment Properties	296,513	308,427	11,914
Property, plant and equipment	10,492,077	11,029,147	537,070
Investment in subsidiaries	5,998	5,998	0
Investment in associates	19,474	19,474	0
Total non-current assets	**10,883,081**	**11,501,366**	**618,285**
Total assets	**11,111,887**	**11,858,106**	**746,219**

	2022/23 Annual Plan	2023/24 Annual Plan	Variance
Liabilities			
Current liabilities			
Derivative financial liabilities	1,798	260	(1,538)
Trade and other payables	71,886	112,631	40,745
Deferred revenue	19,751	20,855	1,104
Borrowings	111,816	204,816	93,000
Provisions for other liabilities	5,551	3,756	(1,795)
Employee benefit liabilities and provisions	13,116	13,364	248
Total current liabilities	**223,918**	**355,682**	**131,764**
Non-current liabilities			
Derivative financial liabilities	53,045	523	(52,522)
Borrowings	1,362,430	1,591,343	228,913
Provisions for other liabilities	44,727	27,802	(16,925)
Employee benefit liabilities and provisions	1,246	1,186	(60)
Total non-current liabilities	**1,461,448**	**1,620,854**	**159,406**
Total liabilities	**1,685,366**	**1,976,535**	**291,169**
Net assets	**9,426,521**	**9,881,571**	**455,050**

	2022/23 Annual Plan	2023/24 Annual Plan	Variance
Equity			
Accumulated funds and retained earnings	5,010,862	5,159,690	148,828
Revaluation reserves	4,437,653	4,637,773	200,120
Hedging reserve	(47,022)	57,624	104,646
Fair value through other comprehensive income reserve	6,029	6,854	825
Restricted funds	18,999	19,630	631
Total equity	**9,426,521**	**9,881,571**	**455,050**

Prospective Statement of Changes in Equity for the year 2023/24 ($000's)

	2022/23 Annual Plan	2023/24 Annual Plan	Variance
Equity - opening balances			
Accumulated funds and retained earnings	5,078,999	5,094,854	15,855
Revaluation reserves	4,437,653	4,637,773	200,120
Hedging reserve	(47,022)	57,624	104,646
Fair value through other comprehensive revenue and expense reserve	6,029	6,854	825
Restricted funds	18,985	19,626	641
Total equity - opening balances	**9,494,644**	**9,816,731**	**322,087**
Changes in equity			
Retained earnings			
Net surplus for the year	(68,123)	64,840	132,963
Transfer to restricted funds	(3,439)	(19)	3,420
Transfer from restricted funds	3,425	15	(3,410)
Transfer from revaluation reserves	-	-	
Transfer to revaluation reserves	-	-	
Revaluation reserves			
Fair value movement - property, plant and equipment - net	-	-	
Transfer to retained earnings	-	-	

	2022/23 Annual Plan	2023/24 Annual Plan	Variance
Hedging reserve			
Movement in hedging reserve	-	-	
Fair value through other comprehensive revenue and expense reserve			
Movement in fair value	-	-	
Restricted funds			
Transfer to retained earnings	3,439	19	(3,420)
Transfer from retained earnings	(3,425)	(15)	3,410
Total comprehensive revenue and expense	**(68,123)**	**64,840**	**132,963**
Net equity - closing balances			
Accumulated funds and retained earnings	5,010,862	5,159,690	148,828
Revaluation reserves	4,437,653	4,637,773	200,120
Hedging reserve	(47,022)	57,624	104,646
Fair value through other comprehensive revenue and expense reserve	6,029	6,854	825
Restricted funds	18,999	19,630	631
Total equity - closing balances	**9,426,521**	**9,881,571**	**455,050**

Prospective Statement of Cash Flows for the year 2023/24 ($000's)

	2022/23 Annual Plan	2023/24 Annual Plan	Variance
Cash flows from operating activities			
Receipts from rates – Council	427,313	480,105	52,792
Receipts from rates – Greater Wellington Regional Council	89,736	101,033	11,297
Receipts from activities and other income	169,761	171,568	1,807
Receipts from grants and subsidies – operating	9,558	19,599	10,041
Receipts from grants and subsidies – capital	32,014	43,168	11,154
Receipts from investment property lease rentals	10,394	11,527	1,133
Cash paid to suppliers and employees	(444,333)	(463,245)	(18,912)
Rates paid to Greater Wellington Regional Council	(89,736)	(101,033)	(11,297)
Grants paid	(48,944)	(59,321)	(10,377)
Net GST (paid)/received			
Net cash flows from operating activities	155,763	203,401	47,638

	2022/23 Annual Plan	2023/24 Annual Plan	Variance
Cash flows from investing activities			
Dividends received	1,900	10,900	9,000
Interest received	13	13	-
Loan repayments	-	-	-
Proceeds from sale of investment properties	-	-	-
Proceeds from sale of property, plant and equipment	5,400	9,834	4,434
Proceeds from sale of intangibles	-	-	-
Increase/(decrease) in investments	-	-	-
Purchase of investment properties	-	-	-
Purchase of intangibles	(5,038)	(3,062)	1,976
Purchase of property, plant and equipment	(399,420)	(454,794)	(55,374)
Net cash flows from investing activities	(397,145)	(437,109)	(39,964)
Cash flows from financing activities			
New borrowings	507,234	521,570	14,336
Repayment of borrowings	(209,000)	(204,816)	4,184
Interest paid on borrowings	(41,375)	(60,972)	(19,597)
Net cash flows from financing activities	256,859	255,782	(1,077)
Net increase/(decrease) in cash and cash equivalents	15,477	22,073	6,596
Cash and cash equivalents at beginning of year	**11,004**	**18,257**	**7,253**
Cash and cash equivalents at end of year	**26,481**	**40,330**	**13,849**

Prospective statement of changes in restricted funds for the period ended 2023/24 ($000)

	2023/24			2023/24	Purpose
	Opening balance	Deposits	Expenditure	Closing balance	
Special reserves and funds					
Reserve purchase and development fund	782	-	-	782	
City growth fund	4,513	-	-	4,513	
Insurance reserve	13,836	-	-	13,836	Allows the Council to meet the uninsured portion of insurance claims
Total special reserves and funds	**19,131**	-	-	**19,131**	
Trusts and bequests					
A Graham Trust	4	-	-	4	For the upkeep of a specific area of Karori Cemetery
A W Newton Bequest	372	16	(15)	373	For the benefit of art (Fine Arts Wellington), education (technical and other night schools) and athletics (rowing)
E A McMillan Estate	6	-	-	6	For the benefit of the public library
E Pengelly Bequest	20	-	-	20	For the purchase of children's books
F L Irvine Smith Memorial	9	-	-	9	For the purchase of books for the Khandallah Library
Greek NZ Memorial Association	5	-	-	5	For the maintenance and upgrade of the memorial
Kidsarus 2 Donation	5	1	-	6	For the purchase of children's books
Kirkaldie and Stains Donation	17	-	-	17	For the beautification of the BNZ site
QEII Memorial Book Fund	25	1	-	26	For the purchase of books on the Commonwealth
Schola Cantorum Trust	9	1	-	10	For the purchase of musical scores
Terawhiti Grant	10	-	-	10	To be used on library book purchases
Wellington Beautifying Society Bequest	14	-	-	14	To be used on library book purchases
Total trusts and bequests	**495**	**19**	**(15)**	**499**	
Total restricted funds	**19,626**	**19**	**(15)**	**19,630**	

Explanation of surplus/deficit ($000's)

The following are items that are presented in the Prospective Statement of Comprehensive Revenue and Expense but do not offset rates.

	2023/24
Balanced budget	**0**
Depreciation not funded by rates	(70,344)
Revenue received for capital purposes	169,599[1]
Ring-fenced expenditure	(18,732)
Items funded from prior year surpluses	(2,860)
Operational expenditure funded through other funding mechanisms	(26,706)
Fair value movement on investment property revaluation	13,883
Total surplus/(deficit)	**64,840**

Notes

[1] *Revenue received for capital purposes includes $126.2m of Infrastructure & Financing Funding for the Sludge Minimisation Facility. The Council recognises the funding as revenue in accordance with GAAP. As the funding is received for capital purposes, it cannot be used to offset the rates requirement. This is recognised as Capital Revenue which is used to fund the cost of the project.*

Whakamāramatanga o ngā kaupapahere kaute
Summary of accounting policies

The following indicative financial statements show the 2023/24 financial year's income and expenditure, and financial position.

Balanced budget

The Council operates a "balanced budget". This means that rates only fund what is required to pay for the services delivered each year.

Note that the prospective statement of comprehensive financial performance shows a deficit, this is due to the change in the approach of funding "3 waters" depreciation from rates to debt funding of this operational expenditure to an amount equal to the difference between depreciation and capital expenditure renewals. This change in rate funding approach has arisen from the revaluation of water assets which has increased significantly in value and that of depreciation expense after the consultation period of the Annual Plan. Which meant residents weren't able to be advised of this impact on rates prior to consultation.

So although there is a net deficit, the Council does not budget or rate to make an operating profit or deficit.

The Funding and Financial Statements attached are based on the project and programmes outlined and are informed by the Financial Strategy and significant forecasting assumptions.

Reporting entity

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

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

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

Basis of preparation

Statement of compliance

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

The prospective financial statements have been prepared to comply with Public Benefit

Entity Accounting Standards (PBE Accounting Standards) for a Tier 1 entity. A Tier 1 entity is defined as being either publicly accountable or large (ie expenses over $30m).

The reporting period for these prospective financial statements is the 9-year period ending 30 June 2031. The prospective financial statements are presented in New Zealand dollars, rounded to the nearest thousand ($000), unless otherwise stated.

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

Measurement base

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

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

Amounts expected to be recovered or settled more than one year after the end of the reporting period are recognised at their present value. The present value of the estimated future cash flows is calculated using applicable inflation factors and a discount rate.

Amounts expected to be recovered or settled more than one year after the end of the reporting period are recognised at their present value. The present value of the estimated future cash flows is calculated using applicable inflation factors and a discount rate.

Judgements and estimations

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

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

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

Revenue

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

Revenue may be derived from either exchange or non-exchange transactions.

Revenue from exchange transactions

Revenue from exchange transactions arises where the Council provides goods or services to another entity or individual and directly receives approximately equal value in a willing arm's length transaction (primarily in the form of cash in exchange).

Revenue from non-exchange transactions

Revenue from non-exchange transactions arises from transactions that are not exchange transactions. Revenue from non-exchange transaction arises when the Council receives value from another party without giving approximately equal value directly in exchange for the value received.

An inflow of resources from a non-exchange transaction recognised as an asset, is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the Council satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Approximately equal value

Approximately equal value is considered to reflect a fair or market value, which is normally commensurate with an arm's length commercial transaction between a willing buyer and willing seller. Some goods or services that the Council provides (eg the sale of goods at market rates) are defined as being exchange transactions. Only a few services provided by the Council operate on a full user pays, cost recovery or breakeven basis and these are considered to be exchange transactions unless they are provided at less than active and open market prices.

Most of the services that the Council provides for a fee are subsidised by rates and therefore do not constitute an approximately equal exchange. Accordingly, most of the Council's revenue is categorised as non-exchange.

Specific accounting policies for major categories of revenue are outlined on the next page.

Rates

Rates are set annually by resolution from the Council and relate to a particular financial year. All ratepayers are invoiced within the financial year for which the rates have been set. Rates revenue is recognised in full as at the date when rate assessment notices are sent to the ratepayers. Rates are a tax as they are payable under the Local Government Ratings Act 2002 and are therefore defined as non-exchange.

Water rates by meter are regulated in the same way as other rates and are taxes that use a specific charging mechanism to collect the rate. However, as the water rates are primarily charged on a per unit of consumption basis, water rates by meter are considered to be more in the nature of an exchange transaction. Revenue from water rates by meter is recognised as an accrual based on usage.

Operating activities

Revenue from operating activities is generally measured at the fair value of consideration received or receivable.

The Council undertakes various activities as part of its normal operations, some of which generate revenue, but generally at below market rates.

The following categories (except where noted) are classified as transfers, which are non-exchange transactions other than taxes.

Grants, subsidies and reimbursements

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

Reimbursements (eg NZ Transport Agency roading claim payments) are recognised upon entitlement, which is when conditions relating to the eligible expenditure have been fulfilled.

Development contributions

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

Rendering of services

Revenue from exchange transactions is recognised by reference to the stage of completion of the transaction at the reporting date.

Revenue from the rendering of services where the service provided is non-exchange is recognised when the transaction occurs to the extent that a liability is not also recognised.

Fines and penalties

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

Sale of goods

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

Investment revenues

Dividends

Dividends from equity investments, other than those accounted for using equity accounting, are classified as exchange revenue and are recognised when the Council's right to receive payment has been established.

Investment property lease rentals

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

Other revenue

Donated, subsidised or vested assets

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

Gains

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

Finance revenue

Interest

Interest revenue is exchange revenue and recognised using the effective interest rate method.

Donated services

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

Expenses

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

Operating activities

Grants and sponsorships

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

Finance expense

Interest

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

Depreciation and amortisation

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

Taxation

The Council, as a local authority, is only liable for income tax on the surplus or deficit for the year derived from any Council controlled trading organisations and comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, plus any adjustment to tax payable in respect of previous periods.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the assets and liabilities, and the unused tax losses using tax rates enacted or substantively enacted at the end of the reporting period. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which they can be utilised.

Goods and services tax (GST)

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

Financial instruments

Financial classification

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

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

Financial assets

Financial assets are classified as either financial assets at amortised cost, financial assets at fair value through surplus or deficit or financial assets at fair value through other comprehensive revenue and expense.

Financial assets at amortised cost comprise cash and cash equivalents, trade and other receivables and loans and deposits.

Cash and cash equivalents comprise cash balances and call deposits with maturity dates of 3 months or less.

Receivables and recoverables have fixed or determinable payments. They arise when the Council provides money, goods or services directly to a debtor, and has no intention of trading the receivable or recoverable.

Loans and deposits include loans to other entities (including subsidiaries and associates), and bank deposits with maturity dates of more than 3 months.

Financial assets in this category are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method. Fair value is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date for assets of a similar maturity and credit risk. Receivables and recoverables due in less than 12 months are recognised at their nominal value.

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

Impairment losses are recognised based on an "expected loss model" which requires the Council to look at forward-looking, current and historic information when assessing impairment. As there are statutory remedies to recover unpaid rates, rates penalties and water meter charges, no provision has been made for impairment in respect of these receivables.

Financial liabilities

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

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

Derivatives

Derivative financial instruments include interest rate swaps used to hedge exposure to interest rate risk on borrowings. Derivatives are initially recognised at fair value, based on quoted market prices, and subsequently remeasured to fair value at the end of each reporting period. Fair value is determined by reference to quoted prices for similar instruments in active markets. Derivatives that do not qualify for hedge accounting are classified as non-hedged and fair value gains or losses are recognised within surplus or deficit.

Recognition of fair value gains or losses on derivatives that qualify for hedge accounting depends on the nature of the item being hedged. Where a derivative is used to hedge variability of cash flows (cash flow hedge), the effective part of any gain or loss is recognised within other comprehensive revenue and expense while the ineffective part is recognised within surplus or deficit. Gains or losses recognised in other comprehensive revenue and expense transfer to surplus or deficit in the same periods as when the hedged item affects the surplus or deficit. Where a derivative is used to hedge variability in the fair value of the Council's fixed rate borrowings (fair value hedge), the gain or loss is recognised within surplus or deficit.

As per the International Swap Dealers' Association (ISDA) master agreements, all swap payments or receipts are settled net.

Investment Properties

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

Investment properties exclude those properties held for strategic purposes or to provide a social service. This includes properties that generate cash inflows as the rental revenue is incidental to the purpose for holding the property. Such properties include the Council's social housing assets, which are held within operational assets in property, plant and equipment. Borrowing costs incurred during the construction of investment property are not capitalised.

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

Non-current assets classfied as held for sale

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

- the is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets
- a plan to sell the asset is in place and an active programme to locate a buyer has been initiated
- the asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value
- the sale is expected to occur within 1 year or beyond 1 year where a delay has occurred that is caused by events beyond the Council's control and there is sufficient evidence the Council remains committed to sell the asset
- actions required to complete the sale indicate it is unlikely that significant changes to the plan will be made or the plan will be withdrawn.

A non-current asset classified as held for sale is recognised at the lower of its carrying amount or fair value less costs to sell. Impairment losses on initial classification are included within surplus or deficit.

Property, plant and equipment

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

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

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

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

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

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

Recognition

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

Measurement

Property, plant and equipment is recognised initially at cost, unless acquired for nil or nominal cost (eg vested assets), in which case the asset is recognised at fair value at the date of transfer. The initial cost of property, plant and equipment includes the purchase consideration (or the fair value in the case of vested assets), and those costs that are directly attributable to bringing the asset into the location and condition necessary for its intended purpose. Subsequent expenditure that extends or expands the asset's service potential is capitalised.

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

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

Specific measurement policies for categories of property, plant and equipment are shown on the next page:

Operational assets

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

Library collections are valued at depreciated replacement cost on a 3-year cycle by the Council's library staff in accordance with guidelines outlined in Valuation Guidance for Cultural and Heritage Assets, published by the Treasury Accounting Team, November 2002.

Land and buildings are valued by independent registered valuers, at fair value, on a 3-year cycle, or whenever the carrying amount differs materially to fair value.

Restricted assets

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

Infrastructure assets

Infrastructure assets (the roading network, water, waste and drainage reticulation networks including service concession arrangement assets (wastewater treatment plants) are valued at optimised depreciated replacement cost on a regular basis or, whenever the carrying amount differs materially to fair value, by independent registered valuers. Infrastructure valuations are based on current quotes from actual suppliers. As such, they include ancillary costs such as breaking through seal, traffic control and rehabilitation. Between valuations, expenditure on asset improvements is capitalised at cost.

Infrastructure land (excluding land under roads) is valued at fair value on a regular basis or, whenever the carrying amount differs materially to fair value.

Land under roads, which represents the corridor of land directly under and adjacent to the Council's roading network was valued as at 30 June 2005 at the average value of surrounding adjacent land discounted by 50 percent to reflect its restricted nature. The Council elected to use the fair value of land under roads at 30 June 2005 as the deemed cost of the asset. Land under roads is no longer revalued. Subsequent additions have been recorded at cost.

The service concession arrangement assets consist of the Moa Point, Western (Karori) and Carey's Gulley wastewater treatment plants, which are owned by the Council but operated by Veolia Water under agreement. These assets are included within and valued consistently with waste infrastructure network assets.

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

Revaluations

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

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

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

Impairment

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

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

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

Disposal

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

Work in progress

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

Depreciation

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

Estimated useful lives of tangible assets

Asset category	Useful life (years)
Operational assets	
Land	unlimited
Buildings:	
Structure	20-100
Roof	20-90
Interior	5-100
Services	5-100
Civic Precinct	2-67
Plant and equipment	1-100
Library collection	4-11
Infrastructure assets:	
Land (including land under roads)	unlimited
Roading:	
Road pavement	10-40
Retaining/sea walls	50-100
Kerb and channel	10-60
Structures – other sea defences	100-250
Tunnels – structure and services	20-175
Bridges	9-110
Drainage, waste and water:	
Pipes	60-110
Reservoirs	25-90
Pump stations	32-105
Fittings	25-70
Restricted assets (excluding buildings)	unlimited

The large variations in the range of lives for infrastructural assets is due to these assets being managed and depreciated by individual component rather than as a whole asset.

The useful lives are updated after each revaluation cycle and are reflected in the new depreciation rates that will apply.

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

Intangible assets

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

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

Estimated useful lives of intangible assets

Asset category	Useful life (years)
Computer software	2-11

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

Gains and losses arising from disposal of intangible assets are recognised within surplus or deficit in the period in which the transaction occurs. Intangible assets are reviewed at least annually to determine if there is any indication of impairment. Where an intangible asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. Losses resulting from impairment are reported within surplus or deficit.

Research and development

Research costs are expensed as incurred. Development expenditure on individual projects is capitalised and recognised as an asset when it meets the definition and criteria for capitalisation as an asset and it is probable that the Council will receive future economic benefits from the asset. Assets which have finite lives are stated at cost less accumulated amortisation and are amortised on a straight-line basis over their useful lives.

Leases

Operating leases as lessee

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

Operating leases as lessor

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

Finance leases

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

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

Employee benefit liabilities

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

Holiday leave

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

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

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

Provisions

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

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

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

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

Net assets/equity

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

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

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

Prospective statement of cash flows

Cash and cash equivalents for the purposes of the cash flow statement comprise bank balances, cash on hand and short-term deposits with a maturity of 3 months or less. The prospective statement of cash flows has been prepared using the direct approach subject to the netting of certain cash flows. Cash flows in respect of investments and borrowings that have been rolled over under arranged finance facilities have been netted in order to provide more meaningful disclosures.

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

Related parties

Related parties arise where one entity has the ability to affect the financial and operating policies of another through the presence of control or significant influence. Related parties include members of the Group and key management personnel. Key management personnel include the Mayor and Councillors as Directors, the Chief Executive and all members of the Executive Leadership Team being key advisors to the Directors and Chief Executive.

The Mayor and Councillors are considered Directors as they occupy the position of a member of the governing body of the Council reporting entity. Directors' remuneration comprises any money, consideration or benefit received or receivable or otherwise made available, directly or indirectly, to a Director during the reporting period. Directors' remuneration does not include reimbursement of authorised work expenses or the provision of work-related equipment such as mobile phones and laptops.

Cost allocation

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

Comparatives

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

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

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

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

1. Description of the nature of the entity's current operation and its principal activities.

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

2. Purpose for which the prospective financial statements are prepared.

   It is a requirement of the Local Government Act 2002 to present prospective financial statements that span 1 year and include them within the Long-term Plan. This provides an opportunity for ratepayers and residents to review the projected financial results and position of the Council. Prospective financial statements are revised annually to reflect updated assumptions and costs. Bases for assumptions, risks and uncertainties.

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

3. Cautionary note

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

4. Other disclosures

   These prospective financial statements were adopted as part of the assumptions that form the LTP amendment 2022-31 for issue on 30 June 2022 by Wellington City Council. The Council is responsible for the prospective financial statements presented, including the assumptions underlying prospective financial statements and all other disclosures. The LTP amendment is a forecast and as such contains no actual operating results.

Tō Koromatua me Ngā Kaikaunihera
Your Mayor and Councillors

The Wellington City Council is made up of 15 elected Councillors and a Mayor.

The Council is elected, along with all other local authority elected members in New Zealand, every 3 years.

The Mayor is elected by the city's residents. The Councillors are elected by voters from the wards they represent. The wards and number of elected Councillors for each are:

Citywide

Tory Whanau Mayor

Elected: 2022

Chair: Te Kaunihera o Pōneke Wellington City Council, and Ngutu Taki CEO Performance Review Committee

Deputy Chair: Pūroro Maherehere Annual Plan/Long-term Plan Committee

mayor@wcc.govt.nz

Paekawakawa | Southern Ward

Laurie Foon
Deputy Mayor

Elected: 2019

Deputy Chair: Te Kaunihera o Pōneke | Wellington City Council, and Ngutu Taki CEO Performance Review Committee

laurie.foon@wcc.govt.nz

Nureddin Abdurahman

Elected: 2022

Deputy Chair: Kōrau Mātinitin | Social, Cultural, and Economic Committee

nureddin.abdurahman@wcc.govt.nz

Te Whanganui-a-Tara/Māori Ward

Nīkau Wi Neera

Elected: 2022

Deputy Chair: Pītau Pūmanawa | Grants Subcommittee

nikau.wineera@wcc.govt.nz

Pukehīnau | Lambton Ward

Iona Pannett

Elected: 2007

iona.pannett@wcc.govt.nz

Nicola Young

Elected: 2013

Chair: Pītau Pūmanawa Grants Subcommittee

nicola.young@wcc.govt.nz

Tamatha Paul

Elected: 2019

Chair: Kōrau Tūāpapa Environment and Infrastructure Committee

tamatha.paul@wcc.govt.nz

Motukairangi | Eastern Ward

Sarah Free

Elected: 2013, and served as Deputy Mayor 2019–2022

Chair: Koata Hātepe Regulatory Processes Committee

sarah.free@wcc.govt.nz

Tim Brown

Elected: 2022

Deputy Chair: Kōrau Tūāpapa Environment and Infrastructure Committee

tim.brown@wcc.govt.nz

Teri O'Neill

Elected: 2019

Chair: Kōrau Mātinitini Social, Cultural, and Economic Committee

teri.oneill@wcc.govt.nz

Wharangi | Onslow-Western Ward

Diane Calvert

Elected: 2016

diane.calvert@wcc.govt.nz

Rebecca Matthews

Elected: 2019

Chair: Kōrau Tōtōpū Long-term Plan, Finance, and Performance Committee

rebecca.matthews @wcc.govt.nz

Ray Chung

Elected: 2022

ray.chung@wcc.govt.nz

Takapū | Northern Ward

Ben McNulty

Elected: 2022

Deputy Chair: Koata Hātepe Regulatory Processes Committee

ben.mcnulty@wcc.govt.nz

John Apanowicz

Elected: 2022

Deputy Chair: Kōrau Tōtōpū Long-term Plan, Finance, and Performance Committee

john.apanowicz@wcc.govt.nz

Tony Randle

Elected: 2022

Deputy Chair: Unaunahi Māhirahira | Audit and Risk Committee

tony.randle@wcc.govt.nz

Mana whenua representatives

Holden Hohaia

Pouiwi/mana whenua Representative

holden.hohaia@wcc.govt.nz

Liz Kelly

Pouiwi/mana whenua Representative

liz.kelly@wcc.govt.nz

Directory

The call centre and website are your first points of contact for all Council services, including building and resource consents, complaints and queries, liquor licensing, animal control, food safety, parks and recreation facilities, Council meetings and consultation, cemeteries, landfills, transport issues, rubbish and recycling collection, parking, rates, events, archives and community services.

Council offices

Wellington City Council
113 The Terrace, Wellington
PO Box 2199, Wellington 6140, New Zealand

Call centre: Phone: 04 499 4444

Website: wellington.govt.nz

ISSN: 1171-2279 (print)
ISSN: 2324-5611 (web)

Published by Wellington City Council,
113 The Terrace, Wellington, New Zealand